



Annual Report 2016

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Report from the board of directors 2016

IDEX made a number of commercial breakthroughs in 2016. The Company had eight mobile design wins across three customers, and three handset models were launched featuring IDEX's fingerprint sensor. In the smartcard market, the Company made significant progress on its global programme with strategic eco-system partners. The IoT market also continues to represent significant potential, and IDEX's sensor was featured in several different devices launched by the Company's partners during 2016. IDEX recorded revenues of NOK 38.6 million in 2016, up from NOK 0.3 million in 2015.

ABOUT IDEX

IDEX ASA is a Norwegian public company specialising in fingerprint imaging and recognition technology. IDEX's ambition is to secure leadership through innovation in fingerprint sensors. The parent company is located at Fornebu in the Bærum municipality, Norway. IDEX has a subsidiary group in the U.S. that conducts technical development and marketing services for the parent company. The Company also has subsidiaries in the U.K. and in the People's Republic of China, which provide various technical, commercial and administrative services to the parent company.

The IDEX share was first listed at the Oslo Axess, one of five marketplaces in Oslo in 2010, and the share was transferred to the Oslo Børs, the largest of the marketplaces, in 2015. As of 31 December 2016, the Company had 2,875 shareholders. IDEX is a leading developer of advanced fingerprint solutions for mass markets. The Company develops and sells fingerprint technology and products. IDEX has since 1996 been a pioneering company in the field of miniaturised capacitive fingerprint sensors, and a leading provider of intellectual property (IP) essential to small-sized, high-performance, low-cost capacitive biometric systems.

IDEX's current activity is focused on the development, industrialisation and commercialisation of fingerprint sensor solutions targeted at the smartcard, mobile, and Internet of Things (IoT) markets. The interest for fingerprint sensors in all three markets is significant.

The Company provides hardware and software fingerprint solutions suitable for embedding into products in order to strengthen security and enhance user friendliness. IDEX's broad product portfolio includes full-featured, biometric authentication solutions, which enables on-device fingerprint enrolment, template storage and verification. IDEX is growing and broadening its product portfolio of fingerprint sensors, and developing the next generation of products for its three target end markets.

The IDEX business model includes the design, development and sale of fingerprint sensor IP and products. IDEX sells fingerprint sensor products, and licences its technology to global original equipment manufacturers (OEMs). The OEMs can use IDEX's IP in a range of innovative biometrically enabled products. The Company is typically paid either a royalty on each device that is manufactured, a contracted price for the fingerprint sensor units it ships, or a combination of the two.

Complete portfolio of capacitive sensor products

IDEX has made significant investments in developing capacitive fingerprint sensor technologies. In recent years, active capacitive technology has established itself as the leading fingerprint sensor technology due to its superior performance and reasonable cost. First deployed in high volumes in laptops and ID access terminals, capacitive technology was first adopted by Apple in its iPhone 5s featuring a fingerprint sensor in 2013. Adoption of fingerprint sensors has since become mainstream in mobile handsets, and global tier one OEMs are expected to deploy almost a billion capacitive fingerprint sensors in 2017.

IDEX is one of only a few vendors possessing core IP and patents for this technology, and today the Company has a comprehensive portfolio of capacitive fingerprint sensors. Additionally, the Company is the only supplier in the industry offering both silicon-based sensors as well as off-chip polymer sensors.

Off-chip sensors

IDEX is one of only two vendors with commercially proven and patent-protected off-chip capacitive sensing technology. Separating the ASIC from the sensing array provides IDEX and its customers with increased form factor flexibility and lower cost. While the sensor ASIC is made from silicon, the sensor array can be made of cheaper and/or more flexible materials such as polymer, ceramics or glass. This leads to a significant cost advantage compared to silicon-based solutions, especially for medium-sized sensors. The Company's off-chip technology is a key differentiator in multiple target end markets. In the cards market, where larger area sensors with low power requirements are preferred, the off-chip technology has significant cost advantages over silicon-based sensors while also enabling the use of bendable sensors that are compatible with industry specific ISO ID-1 form factor requirements. In the mobile market, off-chip sensors offer both a premium performance and a cost advantage for medium and large form factors, and is also well suited for integration into flexible OLED displays.

IDEX completed the development of its first off-chip touch sensor, Eagle, in 2015. The sensor is a combination of IDEX's original know-how and IP and that of PicoField which IDEX acquired in 2013, resulting in a sensor architecture that provides best-in-class image performance. The first generation off-chip ASIC was co-developed with Cypress Semiconductor, who also manufactures the ASIC.

In June 2016, IDEX's off-chip touch fingerprint sensors achieved the formal FIDO Certification following extensive testing to ensure compliance and interoperability among various products and services that support FIDO specifications.

The stated mission of the Fast IDentity Online (FIDO) Alliance is to change the nature of authentication by developing specifications that define an open, scalable, and interoperable set of mechanisms capable of delivering a secure alternative to passwords. As a member of the FIDO Alliance since 2013, IDEX fully supports the ongoing development and promotion of exceptional standards for fingerprint sensor enabled authentication.

In the third quarter of 2016, IDEX taped out its newest generation ASIC platform for off-chip touch sensors. The new ASIC, introduced to the market in February 2017, delivers an impressive combination of enhanced performance and reduced power consumption at a lower price point. Designed specifically to be adaptable across multiple product applications in IDEX's target markets, the chip's low power consumption also

makes it ideally suited for contactless card applications. Additionally, the ASIC features an on-board microcontroller for increased processing power and enhanced security features, such as encryption.

The completion of the new ASIC is the result of substantial investment and is a significant milestone for IDEX. The ASIC has been incorporated into new fingerprint sensor products that are expected to be ready for product sampling in the second quarter of 2017 and for mass production during the second half of 2017.

Silicon sensors

The Company's silicon sensors, called the Cardinal product family, has a small form factor and provides competitive price and performance characteristics.

Silicon sensors represent the first generation of capacitive fingerprint sensor products and have been shipped in hundreds of millions of units per annum by multiple suppliers across the industry. Sensor size is the key driver of cost for silicon-based sensors, which has led the industry to pursue and introduce smaller area sensors, while simultaneously attempting to overcome the negative impact on biometric performance.

IDEX's first silicon touch sensor, Cardinal Q, was available for customer promotion in 2015. In the first quarter of 2016, IDEX expanded its family of silicon sensors with the Cardinal N, a lower-cost sensor designed to address ultra-small, low profile fingerprint sensing applications.

During 2016, three tier one OEMs launched mobile handsets featuring IDEX's silicon sensor, and the Company secured five additional design wins. The shipment of IDEX's silicon sensors for mobile handset applications generated the majority of the Company's revenues for 2016.

In February 2017, IDEX announced the expansion of its portfolio of silicon sensors with a new series of glass and ceramic touch sensors for mobile applications. These new solutions were developed in partnership with CanvasBio and have enhanced imaging performance that enable sensing through glass and ceramic covers.

Software and algorithms

Software is an essential integrated element of the biometric solutions that IDEX develops and sells. The software components range from elements such as on-sensor firmware to extracting and matching algorithms, and enhanced functionality such as navigation. In addition to the standard software elements, IDEX is also capable of providing significant software customisation of its solutions for each customer. In almost all cases, the biometric solution needs to be integrated with the operating system (OS) and the customer specific software eco-system.

In 2016, IDEX made significant investments in its software solutions and capabilities. The major projects included optimisation of IDEX's proprietary matching algorithm and qualifying the first generation off-chip sensor for BIO-key's Windows Hello certified SideTouch. IDEX also spent considerable effort in developing a value-adding navigation feature for its off-chip sensors.

Intellectual property

IDEX's success and ability to compete effectively depends significantly upon the protection of the Company's proprietary technology. As of 31 December 2016, IDEX ASA held 49 patent families, 121 granted

patents and 85 pending patent applications. IDEX's IP rights cover complete biometric systems ranging from measurement principles, algorithms, sensor design and system solutions. The Company holds patents in a wide range of territories including the US, Europe and China. IDEX also holds a cross-license to certain fundamental fingerprint sensor patents held by Apple. IDEX intends to seek patent protection for all aspects of its technology that provides significant competitive advantage.

SUPPLY CHAIN AND DISTRIBUTION CHANNELS

Established volume production supply chain

IDEX's strategy is to design its products for low cost and high-volume manufacturing. The Company has a fab-less strategy and enters into partnerships with manufacturing companies.

For its Cardinal family of silicon sensors, IDEX has an agreement with CanvasBio for development and manufacturing of the sensor. In addition, the Company uses module manufacturers such as CrucialTec, a global leader in mobile input solutions. CrucialTec is a listed company with headquarters in South Korea and has a proven track record in mass manufacturing, industrial know-how and cost-efficient supply of fingerprint sensors to multiple end customers. IDEX has also qualified several other module manufacturers, including O-Film and Partron.

Cypress Semiconductor licenses IDEX's IP to manufacture the ASIC for the Company's first generation off-chip sensor, Eagle. IDEX also has an agreement with Amkor Technology, one of the world's largest providers of contract semiconductor assembly and test services, for production of off-chip sensors to the cards, mobile and IoT markets.

IDEX has also recently partnered with TSMC, the leading company in its field, as the foundry for volume manufacturing of its newest ASIC platform. The relationship provides IDEX's customers with significant capacity from the leading semiconductor producer in the world.

Sales organisation and distribution channels

Historically IDEX's main distribution channel was through partners. During 2016 IDEX decided to expand its direct sales capabilities in order to deliver a superior customer experience, resulting in several design wins in the second half of 2016.

The Company continues to recruit experienced industry talent, and by the end of 2016, IDEX had sales and business development presence in China, Korea, Taiwan, the US and in Europe to cover the main target customers across the card, mobile and IoT markets.

In addition, in January 2017, IDEX entered into an agreement with Paragon Technical to serve as the Company's sales representative in the Northern California and Northern Nevada regions of the US. Paragon Technical has a large team of dedicated account managers with a solid track record and a deep technology understanding. The sales team has strong relationships with technology companies based in and around Silicon Valley, expanding the reach of IDEX's direct sales team that has mainly been focused on the Asia market.

In February 2017, IDEX entered into an agreement with Comtech, one of the largest providers of electronic components and solutions in China. Following this agreement, Comtech will serve as IDEX's distributor in China. The market in China for fingerprint sensors is large and expected to grow at a faster rate than the

overall market. The partnership ensures sufficient presence and logistical capacity for IDEX in this market, as well as enabling the Company's direct sales team in China to focus more on securing customer orders.

END MARKETS

Smartcard market

IDEX believes that biometric cards represent significant commercial potential for fingerprint sensors, and the Company has taken a lead position in this market. The market is driven by increased demand for security and user friendliness, as well as the accelerating adoption of fingerprint sensors by mobile OEMs. The market consists of several vertical opportunities, including financial inclusion initiatives, banking, ID and access cards.

Biometric cards require a more specialized fingerprint sensor solution than that of mobile handsets. Whereas mobile handsets have a power source, significant processing capacity and offer structural protection for the sensor, biometric cards must be thin, bendable and require limited processing power.

IDEX's off-chip technology is ideally suited for card integration, and the Company has made significant progress on developing and commercializing its smartcard sensor.

In June 2015, IDEX entered into a strategic partnership with an undisclosed global payments company, and in November 2016, IDEX announced that it was also partnering with Safran Identity & Security to commercialise its biometric smartcard. In close collaboration with these card ecosystem partners, IDEX has been working on a worldwide biometric programme to launch a mass deployable biometric smartcard.

In the first quarter of 2016, IDEX launched the world's first flexible touch sensor for ISO ID-1 form factor cards and since then, the collaboration has resulted in an end-to-end solution that is secure and commercially deployable for use with existing payment and enrolment infrastructure. More specifically, the solution has proven compatibility with existing point of sales terminals. It contains an on-card matcher, and has been designed into a mass enrolment system.

The first of several end-customer trials in this programme commenced in the first quarter of 2017 and multiple customers are planning to participate in dedicated trials over the coming months for banking and financial inclusion initiatives. These customer-level trials follow successful trials completed internally by IDEX's payments partner and are one of the final steps in the commercialisation process. After completion of the trials and subsequent analysis, the card is expected to advance through a formal certification process prior to being available for commercial production in the second half of 2017.

The solution leverages IDEX's off-chip capacitive touch fingerprint sensor in a standard thickness card that is compliant with ISO bending tests. IDEX's sensor is compatible with standard low-cost card manufacturing processes and has the lowest price point of any similar biometric sensor solution.

Launch of touch sensor for contactless cards

In parallel with the ongoing smartcard programme, IDEX expects to launch an industry leading touch sensor for contactless cards during the second quarter of 2017. The solution has specifically been designed to function without an extra battery or supercapacitor, while still delivering excellent quick-match accuracy and performance. The contactless card sensor is enabled by the Company's new generation ASIC, which significantly lowers the solution's power consumption. Additionally, the ASIC's on-board MCU increases

the processing power and lowers the cost point, resulting in an ideal sensor for contactless cards. Once introduced, the solution is anticipated to further increase IDEX's leadership position in both the payment and ID card markets.

In February 2017, IDEX and its long time partner Card Tech announced the launch of another smartcard programme in collaboration with a top tier card integrator. The programme will feature IDEX's next generation touch sensor and aims to deliver a biometric card module targeted for mass deployable smartcard programmes in the government ID and banking markets.

Mobile market

Multiple design wins and launches of new handsets featuring IDEX's Cardinal silicon sensor

The mobile market is a huge and growing market in which fingerprint sensors serve an important role. More specifically, fingerprint sensors enable a unique intersection of increased security and user convenience to replace PINs and passwords, facilitating the growing trend of mobile payments.

IDEX's Cardinal touch fingerprint sensor has gained strong momentum in the mobile market. The Company originally secured its first design win with LG in December 2015, and in June 2016 the launch of the first LG smartphone, the LG Stylus 2 Plus, marked an important commercial breakthrough for IDEX. Subsequent to the launch of this smartphone and positive reviews of its fingerprint sensor's performance, IDEX experienced a significant increase in interest from other mobile OEMs, leading to seven new design wins across three customers and two additional handset launches.

Following positive reviews of IDEX's sensor after the launch of the first LG smartphone, IDEX received a second design win with LG for a phone launched in the fourth quarter 2016. This phone was LG's Stylo 2 V, which was a specific model for Verizon Wireless, a tier one U.S. carrier.

In August 2016, the Company announced that a major Asian smartphone customer had selected IDEX's Cardinal touch fingerprint sensor for integration into multiple mobile handset programmes. The Company received the initial production order from this customer early in the fourth quarter, and in November this Taiwanese mobile OEM launched a new flagship model featuring IDEX's fingerprint sensor Cardinal Q. Also, IDEX received an additional design win with this customer in late October. The Company expects to see further smartphone launches from this customer.

Additionally, in the fourth quarter of 2016 a Chinese smartphone OEM selected the Cardinal sensor for integration into a mobile handset.

Launch of glass and ceramic fingerprint sensors for smartphones

On 20 February 2017, IDEX announced the expansion of its portfolio of fingerprint solutions with a new series of glass and ceramic touch sensors for mobile applications. The new fingerprint sensor solutions are based on the Company's silicon-based Cardinal architecture with enhanced imaging performance and enable the replacement of conventional coating by sensing through glass and ceramic covers. The new glass and ceramic sensor products have been developed in partnership with CanvasBio.

The Company's new glass and ceramic sensor products, targeted at front mounted mobile applications, was developed in response to the demand from mobile OEMs for sensors with the look and feel of glass to strengthen the industrial designs of next generation smartphones. IDEX's glass and ceramic sensor

solutions combine an elegant cosmetic design with strong biometric performance at a very competitive price point.

Product evolution in the mobile market

The mobile market is rapidly evolving towards infinity displays. Industry experts are predicting that flagship mobile devices will adopt advanced in-display sensors, while lower end devices will have lower cost solutions mounted on the back of the handset. In addition, new sensor technologies are emerging, for example, optical in-display solutions and iris scanning, which the Company believes will complement fingerprint sensors to drive added security.

IDEX's off-chip technology is ideally suited both for larger sensors on the back of the handset, as well as integration into OLED displays. Off-chip sensors are made of flexible polymer, which can be the same material used to manufacture flexible OLED displays.

IDEX will prioritise its investments to extend the use of this technology in next generation flexible products, including re-focussing its development resources from in-glass to in-display sensor solutions. To accelerate this development, IDEX recently strengthened its team with the addition of core display-integration expertise. In the fourth quarter, IDEX appointed Mr. Stan Swearingen as the Company's Chief Products Officer. Mr. Swearingen has extensive product leadership experience from companies such as Synaptics and Atmel. Since his appointment, Mr. Swearingen has attracted additional talent to IDEX, particularly with display-integration expertise. This added talent combined with IDEX's existing off-chip expertise and experience makes the Company uniquely positioned and well prepared for the next generation mobile displays.

Internet of Things (IoT) market

The market potential for biometrics-enabled IoT products is huge, and IDEX's off-chip touch sensor is ideally suited for these products due to its flexibility and best-in-class performance. However, the IoT market is very fragmented, and therefore IDEX is focusing on selective vertical opportunities where its off-chip fingerprint sensors offer the strongest value proposition. The off-chip sensor uniquely combines excellent biometric performance from medium to large area sensors with a very compelling cost point. The off-chip technology also enables greater flexibility in terms of sensor material and form factors compared to competing sensors.

In part due to the success of Apple's Touch ID and Microsoft's extensive advertising for its new biometric authentication platform, Hello, there is a fast-growing market comprised of Windows and Android users who want to add the benefits of secure and convenient biometric solutions to existing laptops and tablets that don't have an integrated fingerprint touch device.

IDEX shipped its off-chip fingerprint sensor to three different Internet of Things (IoT) customers during 2016, and the Company has since received repeat orders for the integration of its sensors into different application areas.

At the Mobile World Congress in February 2016, IDEX's partner BIO-key showcased one of its newest biometrics solutions, which combined IDEX's advanced off-chip sensor technology with BIO-key's Windows Biometric Framework (WBF) fingerprint engine. The BIO-key product, named SideTouch, is a USB

fingerprint reader that is compatible with both existing Windows and Android platforms. SideTouch was launched in the Microsoft Store as well as other retailers in September 2016.

In addition to SideTouch, IDEX's off-chip sensor has recently been featured in a door lock and an encrypted storage solution from two Asian customers.

At the Consumer Electronic Show (CES) in Las Vegas in January 2017, BIO-key debuted several new products, expanding their suite of fingerprint biometric solutions. The debuted products included two USB fingerprint readers for Windows and one for Android devices, as well as a line of fingerprint biometric padlocks.

FINANCIAL REVIEW

The comments regarding the consolidated profit and loss statements, as well as the consolidated statements of financial position, largely apply also to the parent company itself. IDEX America is the largest subsidiary. The subsidiaries provide development services, marketing facilitation services and/or supply-chain support services to IDEX ASA and do not trade with external customers. The parent company expense the services as development expense and other expenses and fund the subsidiaries by equity supplemented by loans as required.

Funding and share capital

IDEX raised significant funds in 2015, which provides funding for the development activities, and working capital for the growing business.

Several employees exercised 2,637,500 vested incentive subscription rights in 2016, injecting a combined total of NOK 3.6 million.

Profit and loss statements

Revenue

IDEX recorded revenue amounting to NOK 38.6 million from Cardinal sensor sales in 2016. The revenue in 2015 amounted to NOK 0.3 million, also mainly from Cardinal sensor sales. All external revenue is earned by the parent company.

Cost of goods sold

The gross margins in 2016 and 2015, reflect that the Cardinal sensor is a co-developed product and still at the early stage, and are not representative of IDEX's planned business.

Payroll expenses

The payroll expenses have increased due to IDEX's expanded operations. There were 78 employees at the end of 2016, up from 52 at the end of 2015. The underlying payroll expenses excluding share-based pay increased to NOK 85.2 million in 2016 from NOK 72.4 million in 2015. Most of this increase was in IDEX America, but the number of employees also increased in IDEX China and IDEX UK. IDEX did not capitalise payroll costs related to development work in 2016, whereas the Company capitalised NOK 0.5 million in 2015.

Total payroll cost also includes the notional cost of subscription rights including accrued or reversed social security cost of same, as well as social security tax on exercised incentive subscription rights. In 2016, the cost of share-based remuneration amounted to NOK 6.6 million, about 7 per cent of the total payroll expenses, compared to NOK 25.7 million in 2015, about 26 per cent of the total payroll expenses that year. The substantial reduction is primarily caused by reversal of accrual of employer's tax on the potential benefit. The cost of the share-based remuneration is carried by the parent company.

Research and development (R&D) expenses

Gross R&D expenses for materials, processing and development services were down nearly 20 per cent to NOK 85.6 million in 2016, from NOK 105.9 million in 2015. A smaller quantity of services, particularly ASIC design, was purchased externally in 2016 than the year before.

Development expenses of NOK 0.3 million related to the Cardinal product, were capitalised in 2016, which is the same as in 2015. Contribution from the SkatteFunn R&D grant scheme managed by the Research Council of Norway has been credited to R&D expenses. The contribution amounted to NOK 4.0 million, up from NOK 3.0 million in 2015. Net reported R&D expenses were NOK 81.4 million in 2016, compared to NOK 102.6 million in 2015.

Payroll costs of R&D conducted by IDEX employees are not included in the R&D line, but in the payroll expenses line. Such expenses amounted to NOK 65.7 million in 2016 compared to NOK 76.2 million in 2015.

The parent company purchases development services from the subsidiaries, mainly IDEX America, and thus reports a higher cost than the consolidated group.

Other operating expenses

Other operating expenses comprise sales, marketing and general administrative expenses. These costs amounted to NOK 28.9 million in 2016 compared to NOK 19.0 million in 2015, chiefly because of expanded sales and marketing activities.

Depreciation

Depreciation amounted to NOK 7.3 million in 2016, up from NOK 6.8 million in 2015. Total investments including capitalised development costs amounted to NOK 1.6 million in 2016, down from NOK 3.4 million in 2015.

Net financial items

Net financial items amounted to NOK 1.0 million in 2016, compared to a negative NOK 1.9 million in 2015. The interest income is lower due to the lowered market rates. Currency gains and losses balanced in 2016. Strong increase in foreign currency rates in 2015 caused a net loss of NOK 4.7 million, mainly related to liabilities denominated in USD. There were only insignificant financial items in the subsidiaries in 2016 and 2015. IDEX ASA earned interest in an amount of NOK 357 thousand from the subsidiaries in 2016, up from NOK 84 thousand in 2015.

Taxes

The group operated at a loss in 2016 and 2015. However, IDEX America and IDEX UK made a profit on services to the parent company and incurred an income tax amounting to NOK 790 thousand in 2016, and NOK 541 thousand in 2015. IDEX ASA did not incur deferred or payable income taxes in 2016 or 2015.

Net result for the year

Net loss for 2016 was NOK 203.3 million, compared to NOK 228.8 million in 2015. The improvement was mainly caused by earned gross margin and lower operating expense, particularly for R&D. The group's loss is net of the profit in IDEX America and IDEX UK and the loss in IDEX China, amounting to a combined net loss of NOK 2.1 million in 2016, compared to a net profit of NOK 2.7 million in 2015.

Statements of financial position

Long-term assets amounted to NOK 49.1 million at year-end 2016, down from NOK 55.2 million at the end of 2015, reflecting the depreciation. No acquisitions of IP were made in 2016 or 2015. All of the group's intangible assets, including IP and patents are held by the parent company. Development expenses of NOK 0.3 million were capitalised in 2016, down from NOK 0.8 million in 2015. During 2016, the Company made various investments in equipment amounting to NOK 1.3 million, compared to investments of NOK 2.6 million in 2015. Some old, unused assets were disposed of in 2016, causing a net loss of NOK 0.4 million. The Company had no disposals in 2015.

Inventory is held only by the parent company and consists mainly of completed or in-progress fingerprint sensors being manufactured by IDEX's partners. The inventory is current, and no impairment charge was in 2016. In 2015, inventoried third-party algorithm licences amounting to NOK 7.9 million were written off.

Total cash and bank deposits amounted to NOK 532.6 million at the end of 2016, representing more than 87 per cent of the total assets compared to NOK 763.7 million at the end of 2015. The operations, including the effects of share-based remuneration and working capital changes, consumed cash in an amount of NOK 231.7 million in 2016, compared to NOK 187.4 million in 2015. Investments net after interest income amounted to NOK 0.6 million in 2016 the same as in 2015. No intellectual property and patents acquisitions were made in 2016 or 2015.

No new funds were obtained by share issues in the year. Share issues contributed a net cash inflow of NOK 724.4 million in 2015. Cash is held and managed by the parent company and the subsidiaries only hold cash to cover their working capital needs.

Equity

At the end of 2016, the equity amounted to NOK 562.4 million, of which NOK 562.2 million in the parent company, down from NOK 749.7 million and NOK 746.8 million respectively one year earlier. The equity amounted to more than 90 per cent of the total capital at the end of 2016 as well as at the end of 2015.

Employees exercising subscription rights injected NOK 3.6 million in 2016, compared to NOK 8.2 million in 2015.

Liabilities

IDEX does not have any debt to financial institutions or lenders. The long-term liability at the end of 2016, amounting to NOK 6.5 million (2015: NOK 9.4 million), is related to the acquisition of IP from Roger Bauchspies in 2014, which is payable over several years. Other liabilities are payables to suppliers and various cost accruals, in a total amount of NOK 41.3 million at the end of 2016, down from NOK 69.1 million at the end of 2015. The accrual for payroll tax on subscription rights varies with the fair value of the outstanding subscription rights. Other accruals for incurred expenses at year-end 2016 were significantly lower than that at the end of 2015, which were inflated by costs incurred in fourth quarter 2015 paid in 2016.

Liquidity and capital resources

The net current assets less current liabilities amounted to NOK 513.3 million at the end of 2016, down from NOK 704.0 million at the end of 2015.

Events after 31 December 2016

The board resolved on 24 February 2017 to issue a total of 6,462,500 shares to employees who had exercised incentive subscription rights, most of which were granted in 2013 under the Company's 2012 incentive subscription rights plan. The weighted average exercise price was NOK 1.68 per share. The board resolved on the same day to grant 2,800,000 incentive subscription rights to employees and a service provider of the Company. The exercise price of the subscription rights was NOK 6.59 per share. 25 per cent of the subscription rights vest on each anniversary from the date of the grant. All the subscription rights granted under the 2016 programme will expire on 11 May 2021. Following the exercise and grant there are 540,242,755 shares and 22,500,000 incentive subscription rights outstanding.

Between 31 December 2016 and the resolution of these annual financial statements, there have not been any events which have had any noticeable impact on IDEX's result for 2016 or the value of the group's assets and liabilities at 31 December 2016.

Going concern

The going concern assumption has been applied for the group as well as the parent company when preparing the financial statements. IDEX now earns recurring revenue subject to customers' continued orders, but still operates at a loss. The Company has a strong balance sheet and adequate liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of these financial statements. The group does not have any debt to financial institutions or lenders. The board therefore confirms that there is adequate basis for the going concern assumption and that this assumption has been applied when preparing the annual financial statements for 2016.

Allocation of net loss for the year

The net loss for 2016 of the parent company IDEX ASA was NOK 200,407,788, compared to a net loss of NOK 231,525,754 in 2015. The board proposes that the loss shall be carried forward as uncovered losses. The board does not propose any dividend payments for 2016.

Financial market risk

IDEX is exposed to certain financial risks related to exchange rates and interest level. These are, however, insignificant compared to the business risk.

The business risk may be summarised in five points:

- (i) IDEX has to date had little revenue compared to costs. IDEX has reported accumulating losses and expects future losses in the short term
- (ii) IDEX's business plan assumes revenue from products which IDEX has traded commercially in large volumes, but short of mass volumes
- (iii) Revenue from IDEX's products depend among other things on market factors, which are not controlled by IDEX
- (iv) Competing companies' products may outperform IDEX's product offering
- (v) Some of IDEX's intended markets remain immature and all are undergoing rapid technological changes

IDEX takes for its basis that the trade receivables and other receivables do not contain significant credit risk. The valuation is based on a relatively short commercial history and limited experience with the customers. The inventory is current, but not returnable. IDEX does not hold any other financial instruments in the balance sheet or any such instruments outside the balance sheet.

IDEX does not have any debt to financial institutions or lenders and is funded by equity denominated in NOK. No hedging transactions have been entered into, because there is insufficient basis for hedging.

Share capital and shareholders

The issued and fully paid share capital of the Company at the end of 2016 amounted to NOK 80,067,038.25, consisting of 533,780,255 ordinary shares, each share having a par value of NOK 0.15. At the end of 2016 there were a total of 2,875 registered shareholder accounts, compared to 2,606 one year earlier.

The closing share price on the last day of trading in 2016 was NOK 6.99, compared to NOK 10.55 at the last trading day of 2015, which represents a decrease of 34 per cent. Highest and lowest share prices in 2016 were 10.50 and 6.10 respectively. There were 65,085 trades in the share, with a total turnover amounting to NOK 1,303.6 million, down from 68,891 trades and total turnover amounting to NOK 1,905.2 million in 2015.

There were no significant share issues or private placements in 2016. Following the annual general meeting of IDEX on 11 May 2016, board members Deborah Lee Davis, Hanne Høvdning and Andrew James MacLeod elected to receive part or full board remuneration in shares against paying the par value of the shares. Mses Høvdning and Davis each acquired 48,487 shares instead of receiving a cash board remuneration of NOK 300,000. Mr MacLeod acquired 36,365 shares instead of receiving a cash board remuneration of NOK 225,000 and took the remainder of the board remuneration in cash. Several employees exercised vested incentive subscription rights on several occasions in 2016, in a combined total of 2,637,500 shares at average price NOK 1.36 per share.

Under the 2016 subscription rights based incentive programme resolved by the annual general meeting in 2016, the board may grant up to 53,192,191 incentive subscription rights, but limited in such a way that the total number of subscription rights outstanding may not exceed 10 per cent of the number of shares.

The subscription rights may be granted to employees and individual contractors performing similar work in IDEX. In 2016, the board granted a total of 6,155,000 subscription rights under the 2016 and 2015 incentive subscription programmes. At the end of 2016, there were a total of 26,037,500 subscription rights outstanding under all programmes. The weighted average exercise price was NOK 4.86 per share.

There are no authorisations to the board for IDEX to purchase its own shares.

ORGANISATION

The total number of employees and active individual contractors increased from 65 at the end of 2015 to 92 at the end of 2016. The staff of 92 includes 78 IDEX employees, 11 technical/scientific individual contractors working full-time or regularly as part of the development team, and 3 sales representatives working on contract. At the end of 2015, the Company had 52 employees and 13 individual on contract.

67 employees are male, 17 are female. This is to a large degree caused by the talent pool available in the fields of electronics, material physics and embedded software. In addition to its employees and individual contractors on site, IDEX makes use of various service providers in its development projects, marketing and sales, and specialist functions like patenting. All product manufacturing activities are outsourced to partner companies.

Over the last several years, IDEX has attracted a significant number of key industry experts. The team includes Fred Benkley (CTO) and Dave Geoffroy (VP Systems Engineering), co-founders of Validity, Larry Ciaccia (Board Member and Strategy Advisor), former CEO of AuthenTec, Andy MacLeod (Board Member), CTO of Vodafone plc.'s Africa, Middle East and Asia-Pacific region and Stan Swearingen (Chief Products Officer), former CTO of Atmel and Synaptics.

IDEX believes its ability to attract the top talent in the fingerprint sensor industry is a strong validation of the Company's leading technology and significant potential. The addition of such experienced industry leaders will help to ensure that IDEX successfully commercialises its products.

Health, safety and environment

The board and the management seek to create a working environment that is pleasant, stimulating, safe and to the benefit of all employees. The working environment complies with the existing rules and regulations. IDEX offers flexible working hours for all employees, and those who so wish have been equipped with a portable PC and a mobile phone, which enable them to work equally efficiently from other places than the Company's facilities. The board has not found reason to implement special measures. No employee has suffered work-related injury resulting in sick leave. No accidents or incidents involving the assets of IDEX have occurred. The sick leave in the group was 0.9 per cent in 2016, the same as in 2015. In the parent company the sick leave was 2.6 per cent in 2016, compared to 1.9 per cent in 2015. The increase in the parent company was not caused by the work or work environment, and remains at a very low level. The board has not taken any special measures in these respects.

IDEX practices equal opportunities in all aspects. All facilities at IDEX are equally well equipped for females and males. Traditionally, fewer women than men have graduated in IDEX's fields of work. The management structure reflects the composition of the technical staff. The board has not taken any special measures in these respects.

IDEX's activities do not pollute the environment. No hazardous materials are used in the facilities.

The board of directors

There are presently five board members including the chairman. Board member Andrew James (Andy) MacLeod stood for election at the annual general meeting 2016, and was reelected for a period of two years. Chairman Morten Opstad and board members Lawrence John (Larry) Ciaccia, Deborah Lee Davis and Hanne Høvding remained on the board for the second year of their election term.

The board has held fifteen meetings, of which nine were held by telephone conference, in the period after the annual general meeting on 11 May 2016 and until and including 20 April 2017.

CORPORATE SOCIAL RESPONSIBILITY

The board resolved ethical guidelines for IDEX in 2009 with subsequent updates, the latest of which was on 26 February 2016. The guidelines are reviewed at a minimum annually, and revised periodically as appropriate. The guidelines, which are available at the Company's website, apply to all employed and contracted staff members as well as the elected board members. The ethical guidelines incorporate IDEX's guidelines on social responsibility.

The purpose of IDEX's business is to create value for shareholders, while also benefiting customers, employed and contracted staff, suppliers, other business relations and the society at large. IDEX is committed to maintaining a high standard of corporate governance, be a good corporate citizen and demonstrate integrity and high ethical standards in all of its business dealings.

IDEX makes every reasonable effort to secure a healthy, safe and lawful working environment and to comply with all applicable laws, rules and regulations concerning occupational health, safety and environmental protection. IDEX promotes equality and non-discrimination, fairness and ethical behaviour. IDEX offers a pleasant, well-equipped and risk-free work environment, maintains fair and balanced employment practices and equal employment opportunity policies and complies with all applicable labour laws. IDEX encourages and expects similar commitment from its suppliers, partners and customers.

IDEX fulfills its role as a social responsible member of society by the business it operates and how it is conducted. When publicity opportunities arise or other benefits are evident and expedient for the business, IDEX may become a sponsor. IDEX refrains from charitable donations because such donations are not within the authority from the shareholders to the board and the management. Gifts from IDEX may also establish or be considered to represent inappropriate ties. IDEX does not make any political contributions.

With a growing organisation, IDEX is also creating and implementing new policies, monitoring activities and control mechanisms in order to have adequate business controls. The electronics industry is not perceived as a high-risk industry. China is the only country where IDEX itself operates that has high risk related to human rights, employment conditions, environment or corruption. All customers, partners and suppliers to IDEX are reputable companies. The key partners are one or more orders of magnitude larger than IDEX. Some of the partner companies operate in high-risk countries, such as China, the Philippines or Thailand. IDEX assumes that the companies it deals with are operating in compliance with the applicable regulatory framework and paying due respect to the norms of the various stakeholders in their businesses. None of the processes in use by the suppliers are known to be of particular hazard to staff or the environment. The board has not taken any special measures in these respects. As IDEX's operation

continues to grow, the Company will implement appropriate additional programmes to ensure the integrity of its business.

CORPORATE GOVERNANCE

The objective of corporate governance is to regulate the division of roles between shareholders, the board and executive management more comprehensively than what is required by legislation.

IDEX's corporate governance principles are based on maintaining open and reliable lines of communication, having a board that is autonomous and independent of the executive management, having a clear division of responsibility between the board and the executive management, and treating all shareholders equally.

The Company produces a comprehensive annual statement on corporate governance as part of its annual report. For further details, please see the section entitled Corporate Governance in this annual report. The information is also available on the Company's website, at www.idex.no.

The board considers that the attention to corporate governance is beneficial for companies and investors alike. IDEX seeks to comply with the Norwegian Code of Practice for corporate governance to the degree possible.

STATEMENT ON MANAGEMENT REMUNERATION

The annual general meetings in 2016 and prior years have considered and resolved guiding and mandatory guidelines for management remuneration. The guidelines and the actual remuneration in 2016 have been included in a note to the financial statements and will also be presented to the annual general meeting in a separate document. The managing director of the parent company is also CEO for the group and performs this duty as a part of his employment in the parent company for no additional remuneration.

COMPANY OUTLOOK

IDEX's strategy is to drive adoption of its sensor technology across three mass markets: Smartcards, Mobile and the Internet of Things (IoT). In 2016, IDEX gained commercial traction across all of these three core markets. Going forward, IDEX expects to see increased revenue and margins from differentiated market segments using its off-chip sensor technology.

During the first half of 2017, IDEX and its smartcard partners expect to complete several trials with multiple end-customers for banking and financial inclusion initiatives. These tests will provide valuable real-world feedback on the card performance and biometrics solution, ultimately helping to cement further customer interest. When the results from the tests have been analysed, IDEX expects the card programme to move into the formal certification process, and then become available for mass production starting in the second half of 2017.

In parallel, following the recently completed development of its next generation ASIC, IDEX expects to launch an industry-leading contactless card touch sensor during the second quarter of 2017. This card will be ideal for multiple applications, including payment, ID and access control. With the introduction of a user-friendly contactless card solution, IDEX expects to secure additional tier one partners in the card ecosystem to accelerate product roll-out and commercialisation.

In the mobile market, the Company is currently offering the Cardinal family of silicon sensors where it had multiple design wins in 2016. IDEX expects many of these design wins to convert into production shipments during 2017. The Company launched its glass and ceramic variants of this silicon sensor in the first half of 2017 and expects to continue securing design wins with the Cardinal sensor.

The qualification of the Eagle off-chip sensor with a tier one mobile OEM is ongoing and IDEX will continue to market the off-chip sensor to mobile OEMs seeking premium biometric performance. In addition, IDEX will prioritise its investments to extend this technology for use in next generation flexible products, with a focus on in-display sensor solutions.


Product and technology development is at the core of IDEX's activities. IDEX is accelerating its investments and leveraging its off-chip technology to target suitable products for which the Company anticipates current or future market demand.

IDEX has developed a growing portfolio of high-performance and cost-effective products. The Company has leading-edge IP, a highly knowledgeable organisation with an expanded direct sales team, tier one industry partners and a solid financial position. With these assets, the Company expects to capture a significant share of the expanding, multi-billion dollar market opportunity for fingerprint sensors.

London, 20 April 2017
The board of directors of IDEX ASA




Morten Opstad
Chairman



Lawrence John Ciaccia
Board member



Deborah Lee Davis
Board member



Hanne Høvdig
Board member



Andrew James MacLeod
Board member



Hemant Mardia
CEO

ANNUAL FINANCIAL STATEMENTS 2016

Statements of comprehensive income

1 January-31 December		IDEX group		IDEX ASA	
Amounts in NOK 1,000	Note	2016	2015	2016	2015
Operating revenue					
Sales and services revenue	2	38 556	349	38 556	349
Other income		2		2	
Total revenue		38 558	349	38 558	349
Cost of goods sold		32 688	137	32 688	137
Gross margin		5 869	212	5 869	212
Operating expenses					
Payroll expenses	3	91 734	98 226	31 075	54 347
Research and development expenses	4, 5, 7	81 356	102 567	140 530	146 664
Other operating expenses	6, 7	28 881	18 972	30 586	23 791
Profit (loss) before interest, tax, depreciation and amortisation (EBITDA)		(196 102)	(219 553)	(196 322)	(224 590)
Depreciation expenses	10, 11	7 319	6 834	5 358	5 115
Profit (loss) before interest and tax (EBIT)		(203 421)	(226 388)	(201 680)	(229 705)
Financial income and expenses					
Interest income	13	933	2 810	931	2 809
Interest income from group companies	7			357	84
Agio		4 417	3 312	4 365	3 311
Interest expenses		(1)	(1)	(1)	(1)
Disagio		(4 388)	(8 023)	(4 380)	(8 023)
Net financial items		960	(1 902)	1 272	(1 821)
Net result before tax (EBT)		(202 462)	(228 290)	(200 408)	(231 526)
Taxes	8	790	541	0	0
Net loss for the year		(203 252)	(228 831)	(200 408)	(231 526)
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>					
Exchange differences on foreign operations		79	(1 006)		
Total comprehensive income (loss) for the year, net of tax, attributable to the equity holders of IDEX ASA		(203 173)	(229 837)	(200 408)	(231 526)
Profit (loss) per share, basic and diluted	9	(0.38)	(0.50)		

Statements of financial position 31 December

Amounts in NOK 1,000

Assets	Note	IDEX group 2016	2015	IDEX ASA 2016	2015
Long-term assets					
Goodwill		8 260	8 260	8 260	8 260
Intangible assets		34 843	39 172	34 843	39 172
Total intangible assets	10	43 103	47 432	43 103	47 432
Fixed assets	11	4 695	6 576	1 347	2 059
Total fixed assets		4 695	6 576	1 347	2 059
Shares in subsidiaries	1, 12			9 435	1 713
Long-term receivables	14, 17	1 277	1 155	1 161	1 155
Long-term loans to group companies	17			9 082	11 923
Total financial assets		1 277	1 155	19 678	14 791
Total long-term assets		49 075	55 163	64 128	64 282
Current assets					
Inventory	18	9 303	2 281	9 303	2 281
Customer receivables		12 177	254	12 177	254
Receivables from group companies				0	2 620
Other short-term receivables		4 663	4 319	4 611	4 303
Prepaid expenses		2 296	2 531	1 511	2 213
Total receivables	17	19 136	7 104	18 299	9 389
Cash and bank deposits	13	532 619	763 716	520 985	749 258
Total current assets		561 058	773 101	548 587	760 929
Total assets		610 133	828 264	612 715	825 211
Equity and liabilities					
Equity					
Share capital		80 067	79 651	80 067	79 651
Share premium		1 173 341	1 170 454	1 173 341	1 170 454
Other paid-in capital		57 120	44 566	57 120	44 566
Total paid-in capital	15, 16	1 310 528	1 294 671	1 310 528	1 294 671
Other equity		(748 160)	(544 987)	(748 295)	(547 887)
Total equity		562 368	749 684	562 233	746 784
Long-term liabilities					
Other long-term liabilities	17	6 504	9 445	6 504	9 445
Total long-term liabilities		6 504	9 445	6 504	9 445
Short-term liabilities					
Paid-in, not registered capital		811		811	
Accounts payable		11 978	17 755	9 345	15 724
Payables to group companies				11 586	8 735
Public duties payable		3 448	4 012	2 982	3 853
Accrued payable income tax	8	1 276	1 019	0	0
Notional employer's tax					
on share-based remuneration	3, 15	5 752	13 900	5 752	13 900
Other short-term liabilities		17 996	32 449	13 502	26 770
Total short-term liabilities	17	41 261	69 135	43 978	68 981
Total liabilities		47 765	78 580	50 482	78 427
Total equity and liabilities		610 133	828 264	612 715	825 211

London, 20 April 2017
The board of directors of IDEX ASA


Morten Opstad
Chairman


Lawrence John Ciaccia
Board member


Deborah Lee Davis
Board member


Hanne Hovding
Board member


Andrew James MacLeod
Board member


Hemant Mardia
CEO

Statements of changes in equity

IDEX group

Amounts in NOK 1,000	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	Total equity
Balance at 1 January 2016	79 651	1 170 454	44 566	(544 987)	749 684
Exerc. of subscript. rights 26 Feb., 10 May, 10 Aug and 9 Nov.	396	2 888			3 284
Share issue on 25 May (board remuneration)	20				20
Share-based remuneration			12 553		12 554
Profit (loss) for the year				(203 252)	(203 252)
Other comprehensive income				79	79
Balance at 31 December 2016	80 067	1 173 342	57 119	(748 160)	562 368
Balance at 1 January 2015	61 948	463 766	32 787	(315 150)	243 351
Private placement on 30 Dec. 2014, issued in January 2015	75				75
Private placement on 29 April	7 875	270 322			278 197
Share issue on 12 May (board remuneration)	21		497		518
Private placements on 2 July	472	16 791			17 263
Warrants exercise on 16 Nov.	4 500	206 756			211 256
Private placement on 4 Dec.	3 938	205 443			209 381
Exerc. of subscript. rights 23 Jan., 24 Feb., 18 May and 10 Nov.	822	7 376			8 198
Share-based remuneration			11 282		11 282
Profit (loss) for the year				(228 831)	(228 831)
Other comprehensive income				(1 006)	(1 006)
Balance at 31 December 2015	79 651	1 170 454	44 566	(544 987)	749 684

IDEX ASA

Amounts in NOK 1,000	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	Total equity
Balance at 1 January 2016	79 651	1 170 454	44 566	(547 887)	746 784
Exerc. of subscript. rights 26 Feb., 10 May, 10 Aug and 9 Nov.	396	2 888			3 284
Share issue on 25 May (board remuneration)	20				20
Share-based remuneration			12 553		12 553
Profit (loss) for the year				(200 408)	(200 408)
Other comprehensive income				0	0
Balance at 31 December 2016	80 067	1 173 342	57 119	(748 295)	562 233
Balance at 1 January 2015	61 948	463 766	32 787	(316 361)	242 140
Private placement on 30 Dec. 2014, issued in January 2015	75				75
Private placement on 29 April	7 875	270 322			278 197
Share issue on 12 May (board remuneration)	21		497		518
Private placements on 2 July	472	16 791			17 263
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Private placement on 4 Dec.	3 938	205 443			209 381
Exerc. of subscript. rights 23 Jan., 24 Feb., 18 May and 10 Nov.	822	7 376			8 198
Share-based remuneration			11 282		11 282
Profit (loss) for the year				(231 526)	(231 526)
Other comprehensive income				0	0
Balance at 31 December 2015	79 651	1 170 454	44 566	(547 887)	746 784

Cash flow statements

1 January-31 December Amounts in NOK 1,000	Note	IDEX group 2016	2015	IDEX ASA 2016	2015
Cash flows from operating activities					
Profit (loss) before taxes		(202 462)	(228 290)	(200 408)	(231 526)
Share-based remuneration (equity part)	3	12 553	11 779	12 553	11 779
Depreciation	10, 11	7 319	6 834	5 358	5 115
Interest income	13	(933)	(2 810)	(1 288)	(2 893)
Change in receivables, inventory	17, 18	(19 084)	4 171	(15 931)	13 397
Change in payables, accruals	17	(28 669)	22 884	(25 815)	19 941
Net other items		(441)	(1 931)	126	
Net cash flow from operational activities		(231 717)	(187 363)	(225 405)	(184 187)
Cash flows from investing activities					
Investments in tangible assets	11	(1 089)	(2 624)	(172)	(1 494)
Investments in acquired intangible assets and capitalised development cost	4, 10	(271)	(813)	(271)	(813)
Investment in subsidiaries (shares)	1, 12	0	0	(7 722)	(1 653)
Loans to subsidiaries	1, 12			2 841	(11 923)
Changes in long-term receivables	17	(125)	(12)	(6)	(12)
Interest received	13	933	2 810	1 288	2 893
Net cash flow from investing activities		(552)	(639)	(4 042)	(13 002)
Cash flows from financing activities					
Share issues, net of expenses	15	3 304	724 391	3 304	724 391
Paid-in, not registered share capital	15	811		811	
Change in long-term payables	17	(2 943)	(634)	(2 941)	(634)
Net cash flow from financing activities		1 172	723 757	1 174	723 757
Net change in cash and bank deposits		(231 097)	227 961	(228 273)	222 690
Cash and bank deposits at 1 January		763 716	535 755	749 258	526 568
Net change in cash and bank deposits		(231 097)	227 961	(228 273)	222 690
Cash and bank deposits at 31 December	13	532 619	763 716	520 985	749 258

1. Group information, accounting principles

IDEX is a technology company specialised in the development of fingerprint recognition technology. The parent company of the group, IDEX ASA, is a public limited company with registered office in the Bærum municipality near Oslo, Norway. IDEX's shares have been listed at Oslo Børs, the stock exchange in Oslo, since 2010.

IDEX ASA was incorporated in 1996. The IDEX group comprises the parent company IDEX ASA, a sub-group in the USA (established 2013) and subsidiaries in the UK (established 2014) and People's Republic of China (established 2015). All subsidiaries are held 100%. The parent company holds all intellectual property (IP) of the group, and is party to all customer and manufacturing partner agreements. The subsidiaries provide various services to the parent company, mainly within technical development, supply-chain administration, and customer interfacing and marketing services to IDEX ASA.

The going concern assumption has been applied for the group as well as the parent company when preparing the financial statements. IDEX now earns recurring revenue subject to customers' continued orders, but still operates at a loss. The company has a strong balance sheet and adequate liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of these financial statements. The group does not have any debt to financial institutions or lenders. The board therefore confirms that there is adequate basis for the going concern assumption and that this assumption has been applied when preparing the annual financial statements for 2016.

The annual financial statements for 2016 were resolved by the board on 20 April 2017 and will be presented to the annual general meeting on 12 May 2017.

Accounting principles

Basis of preparation

The accounting year coincides with the calendar year. The annual financial statements have been prepared on a historical cost and accrual basis. The group's financial statements are presented in NOK which is also the parent company's functional currency. All figures in the tables have been rounded to the nearest thousand except where indicated otherwise. The financial statements of the IDEX group and IDEX ASA have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The standards have been applied congruently in the group and in the parent company.

Changes in accounting policies

The accounting policies are consistent with those of the previous financial year.

IFRS is continuously developed and recently published standards, amendments and interpretations have been reviewed and considered.

Standards and interpretations with effect from 1 January 2016:

There were no new or amended standards or interpretations taking effect in 2016 that had any impact on the result or equity of IDEX in 2016.

Standards and interpretations issued or adopted but not yet effective:

Amendments to IFRS 2 Share-based Payments (effective from 1 January 2018, but not yet approved by the EU): The amendment clarifies classification and valuation of specific types of share-based payments. The amendment must be implemented prospectively but early adoption is permitted.

IFRS 9 Financial Instruments (effective from 1 January 2018): The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018): The standard replaces IAS 18 Revenue. The key principle of IFRS 15 is that revenue is recognised to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity is entitled. The standard applies to all revenue contracts.

IFRS 16 Leases (effective from 1 January 2019, but not yet approved by the EU): The standard replaces IAS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 requires lessees to recognise assets and liabilities for most leases, which is a significant change from IAS 17.

Amendments to IAS 7 Statements of Cash Flows (effective from 1 January 2017, but not yet approved by the EU): The amendment requires companies to provide disclosures that enables users of financial statements to understand the

changes in liabilities arising from financing activities, including changes with and without cash flow effect. The amendments must be implemented prospectively.

IDEX considers that none of the above new standards, amendments and interpretations will have a significant impact on the financial statements or notes for IDEX's current activity and assets, but may affect the accounting for future transactions or arrangements.

IDEX will implement these standards and interpretations in due course.

Significant accounting judgements and estimates

Preparation of financial statements compliant to IFRS implies that the management makes judgements and prepares estimates and assumptions which have an impact on the recognized amounts for assets, liabilities, revenue and costs. The judgments as well as the estimates and related assumptions have been based on the management's best understanding of the situation, knowledge of past and recent events, experience and other factors which are considered reasonable under the circumstances. Actual results may deviate from such assumptions. Estimates and underlying assumptions are evaluated continuously.

Significant accounting judgments for IDEX

Intangible assets: Under IFRS, research costs are expensed as incurred. IDEX's patents and other intellectual property rights created by IDEX are capitalised and held in the balance sheet only when they satisfy the criteria for capitalisation. The same applies to the development costs. IDEX capitalised development expenses incurred in 2015 and earlier years, related to the Cardinal fingerprint sensor product. No development costs have been capitalised in 2016, thus all development costs and internal costs related to creation of intellectual property have been expensed when incurred. Acquired intangible assets are capitalised at the price allocated to the various assets based on estimated fair value. Intangible assets are depreciated over the useful life.

Inventory: Materials, components, units, software licences and other items which are part of the trade or manufacturing flow in the sense that the item is embedded in or otherwise becomes a part of the physical delivery to the customer, are inventoried if IDEX is in the position to take orders on the related product or if the item is returnable to the vendor for credit. Materials and components for research or development are expensed at the time of purchase. Consumables and supplies which are consumed in the manufacturing process (not becoming part of any physical product delivered to a customer), whether for manufacturing, development, research or administration, are expensed at the time of purchase.

Income taxes: Deferred tax asset related to losses carried forward is recognised when it is convincingly probable that the loss carried forward may be utilised. Judgement of probability is based on historical earnings, expected future margins and the size of the order backlog. Future events may lead to these conclusions being changed. Such changes will be recognised when reliable new estimates can be made.

Significant accounting estimates for IDEX

Share based remuneration: IDEX estimates the fair value of incentive subscription rights (SRs) at the grant date by using a Black & Scholes option pricing model. The valuation is based on share price and exercise price, share price volatility, interest rates and duration of the SRs, and assumptions of staff attrition and propensity of early exercise. The equity cost of share-based remuneration is expensed as earned over the vesting period. The accrued cost of employer's social security tax on the earned intrinsic value of the SRs is calculated at each balance sheet date, and the net change is accounted for.

Goodwill: Goodwill amounts to the fair value of the consideration for the assets less the capitalised value of the identifiable assets and less impairment charges, if any. Impairment testing of goodwill is based on the estimated fair value or the value in use of the business.

Financial risk, capital management

IDEX is exposed to certain financial risks related to exchange rates and interest level. These are, however, insignificant compared to the business risk. There were no hedging transactions in 2016 or 2015.

The business risk may be summarised in five points: (i) IDEX has to date had little revenue compared to costs. IDEX has reported accumulating losses and expects future losses in the short term. (ii) IDEX's business plan assumes revenue from products which IDEX has traded commercially in large volumes but short of mass volumes. (iii) Revenue from IDEX's products depend among other things on market factors, which are not controlled by IDEX. (iv) Competing companies' products may outperform IDEX's product offering. (v) Some of IDEX's intended markets remain immature and all are undergoing rapid technological changes. IDEX's trade receivables and other receivables has moderate to low credit risk.

IDEX manages its liquidity passively, which means that funds are placed in floating-interest bank accounts. Investments in fixed assets are only made when mandatory for the needs of the core business. IDEX has been funded by equity since 2010 and also during most of its preceding years. IDEX will prepare and implement comprehensive capital management and funding policies as and when needed.

The group does not have any debt to financial institutions or lenders, and has adequate liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of these financial statements.

Significant accounting policies

Consolidation

The group's consolidated financial statements comprise IDEX ASA and companies in which IDEX ASA has a controlling interest. Controlling interest means that the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Minority interests, if any, are included in the group's equity. The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company, using accounting policies consistent with the parent's.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until the control ceases, respectively. Intercompany transactions, balances, revenues and expenses and unrealised group internal profit or losses are eliminated on consolidation. The acquisition method is applied when accounting for business combinations.

Revenue

Revenue is recognized to the extent that it is probable that an economic benefit will flow to the group and the revenue can be reliably measured. Revenue is recognized at fair value ex works, net of VAT, returns, discounts and rejects.

Delivery of products: Revenue will be recognised at the time of delivery, which is when the risk and rewards of the goods has passed to the buyer and the revenue can be reliably measured.

Development and other rendering of services: Revenue from rendering of services is recognised as the services are performed, on the basis of degree of completion that can be reliably measured. Services delivered on an hourly basis are recognised as delivered.

Licence fees: Licence fees are recognised when they are unconditionally earned by IDEX, i.e. not contingent on further deliveries by IDEX or contingent on income to the licensee or other caveats.

Royalty: Royalty revenue is recognised at the time the licensee generates income on which IDEX shall receive a royalty payment.

Cost of goods sold, cost of services sold

Cost of goods sold is recognised when the related goods have been sold. Cost of goods sold is the full manufacturing and logistic cost up to the ex works point, including any royalty costs. Licence costs are allocated over time or units of production as applicable. Cost of services sold are recognised in the various operating costs.

Currency

Monetary assets and liabilities denominated in foreign currency are converted using exchange rates of the balance sheet date. Revenues and expenses in foreign currency are converted using the exchange rate at the transaction date. Translation differences on monetary items are recognized in financial items.

Assets and liabilities in foreign operations, including goodwill and fair value adjustments, are translated into NOK using the exchange rates on the balance sheet date. Income and expenses relating to foreign operations are translated into NOK using the average exchange rate.

Translation differences due to the translation of a net investment in foreign operations and from related hedging objects are included in comprehensive income. Translation differences previously recognized in comprehensive income are reversed and recognised in the net result of the year when the foreign operations are disposed of.

Research and development expenses

Research costs are expensed as incurred. Development costs that do not meet the criteria of capitalisation are expensed as incurred. Development expenses are capitalised when the criteria for recognition is met, i.e. that it is probable that IDEX will realise future economic benefits from the asset, IDEX has committed itself to complete the asset, the technical feasibility of completing the asset has been demonstrated, and that the cost can be measured reliably. The assets are amortised over their expected useful life once the asset is available for use. Maintenance and training costs are expensed as incurred.

Fixed assets

Fixed assets are held at cost less accumulated depreciation and impairment charges. When assets are sold or retired, the gross carrying amount and accumulated depreciations are derecognised. Any gain or loss on the sale or retirement is recognised in the income statement.

The capitalised amount of fixed assets is the purchase price, including duties, taxes and direct acquisition costs related to making the asset ready for use. Subsequent costs, such as repair and maintenance expenses, are normally recognised in the income statement as incurred. When increased future economic benefits as a result of repair or maintenance work can be proven, such expenses will be recognised in the balance sheet as additions to fixed assets.

The assets are depreciated using the straight-line method over each asset's useful life. The depreciation period and method are assessed each year to ensure that the method and period used is consistent with the status of the non-current asset. The same applies to the residual value.

Intangible assets

Acquired identifiable intangible assets are held at cost less accumulated depreciation and impairment charges. Goodwill on acquisitions is held at cost less impairment charges.

Shares in subsidiaries

Shares in subsidiaries are held at original cost in the parent company's balance sheet.

Impairment of intangible assets, fixed assets and other long-term assets

An assessment of impairment losses on long-term assets is made when there is an indication of a fall in value. Goodwill is tested minimum annually. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognised in the income statement. The recoverable amount is the higher of the fair value less costs to sell and the discounted cash flow from continued use. The fair value less costs to sell is the net amount that can be obtained from a sale to an independent third party. The recoverable amount is determined separately for each asset.

Impairment losses recognised in the income statements for previous periods are reversed when there is information that the need for the impairment loss no longer exists. The reversal is recognised on a separate line. Reversal is limited to the updated recoverable amount and limited to the carrying amount that would have been recognised had no impairment losses been recognised for the asset in prior years. Impairment charges on goodwill are not reversed.

Interest-bearing loans (receivables)

Loans are initially recognised at cost, which is the fair value of the amount paid out plus directly attributable transaction costs. Following the initial recognition, the interest-bearing loan is measured at amortised cost applying the effective interest method. Any difference between amount paid out and repayment amount from borrower is recognised over the duration of the loan. Transaction costs and discounts are taken into account when calculating amortised cost. Gains and losses are recorded as net gain or loss when the receivable is derecognised.

Inventory

Inventory - raw materials, work in progress and finished goods - for manufacturing and/or sale is held at the lower of average full acquisition cost and net realisable value.

Accounts receivable

Receivables are carried at amortised cost. The interest element is disregarded if it is insignificant. Should there be evidence of impairment, the receivable is written down to the present value of future cash flows discounted by the receivable amount's effective interest rate. Significant customer prepayments are recognised as payables.

Cash and bank deposits

Cash and bank deposits include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and any bank overdrafts. Bank overdrafts are current liabilities on the balance sheet.

Interest-bearing debt

Debt and credits are initially recognised at cost, which is the fair value of the received amount less directly attributable transaction costs. Following the initial recognition, the interest-bearing debt is measured at amortised cost applying the effective interest method. Any difference between amount received and repayment amount is recognised over the duration of the loan. Transaction costs and discounts are taken into account when calculating amortised cost. Gains and losses are recorded as net gain or loss when the liability is derecognised.

Debt which the lender or IDEX may convert to equity and where the number of issued shares does not change with any change in fair value, are considered composite financial instruments. The equity component is calculated on the issue date as the excess of the amount received and the present value of future interest and repayment amounts, discounted by the market rate for comparable loans without conversion rights. Interest cost is recognized applying the effective interest method.

Accounts payable

Payables are carried at amortised cost. The interest element is disregarded if it is insignificant. Significant customer prepayments are recognised as payables.

Provisions

Provisions are recognised when and only when the group has a valid liability (legal or constructive) as a result of events that have taken place and it is more probable than not that a financial settlement will take place as a result of the event(s), and that the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will amount to the present value of future payments to cover the liability. Any increase in the provisions due to time is recorded as interest costs.

Taxes on taxable income

For clarity, it is noted that property tax, net worth tax, turnover taxes, and other taxes that are unrelated to taxable income, are reported on the relevant operational line of the income statement, and not on the tax line. The tax expense consists of the tax payable and changes in deferred tax. Deferred tax has been calculated at the applicable tax rate on the temporary

differences between the recorded and tax values, as well as on any tax loss carry-forward at the balance sheet date. Any temporary differences increasing or reducing tax that will or may reverse in the same period, have been netted.

A deferred tax asset will be recognized when it is probable that the group will have a sufficient profit for tax purposes to utilise the tax loss carried forward. At each balance sheet date, IDEX reviews its unrecognised deferred tax assets and the value it has recognised. The group recognises an unrecognised deferred tax asset to the extent that it has become probable that the group can utilise the deferred tax asset. Similarly the group will reduce its deferred tax asset to the extent that it can no longer utilise it.

Deferred tax and deferred tax assets are calculated at the expected future tax rates.

Contingent liabilities and assets

Contingent liabilities are possible obligations resulting from past events which existence depends on future events; obligations that are not recognised because it is not probable that they will lead to an outflow of resources; and obligations that cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the annual financial statements, but will be disclosed in the notes if applicable.

A contingent asset is not recognised in the annual financial statements, but is disclosed in the notes if there is a degree of probability that a benefit will accrue to IDEX.

Share-based remuneration

Subscription rights granted to employees and others are recognised as equity-settled share-based remuneration, with the employer's tax cost recognised as a cash-settled element. The cost of equity-settled remuneration is the fair value at grant, which is charged to the income statement as earned over the vesting period(s). The fair value is determined using a Black & Scholes option pricing model. The notional employer's tax liability is calculated on the earned intrinsic value of the subscription rights. The liability is remeasured at each balance sheet date.

Leasing agreements, rentals

Leasing contracts are classified as financial or operational leases based on an individual assessment. Operational lease contracts and rentals are expensed on a straight-line basis through the contract period. Assets financed by financial leases are capitalised and amortised over their economic useful lives. The corresponding lease commitment is reduced by the value of lease payments made, less calculated interest.

Earnings per share

Earnings per share are calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares outstanding over the course of the period. Earnings per share fully diluted are calculated based on the result for the year divided by the average number of shares fully diluted. The effect of dilution is not counted in when the result is a loss.

Cash flow

The cash flow statement has been prepared by the indirect method and reports cash flows classified in operating, investing and financing activities.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and the conditions will be complied with. When the grant relates to an expense item, the grant is recognised as a reduction in expense. When the grant can be viewed as payment for a deliverable or performance of a service, it is recognised as other revenue.

Segment reporting

IDEX operates in one business segment, fingerprint imaging and recognition technology, and the parent company and the subsidiaries are managed as one unified entity. Geographical segmentation has not been part of the management process. The company has therefore not presented segment reports. IDEX will implement segment reporting as and when segment reporting, whether business or geographical, will be informative.

2. Revenues

The parent company holds all customer relations and agreements related to the delivery of goods and services to customers. The parent company also holds all intellectual property of IDEX, and holds all vendor relations and agreements related to the goods and services delivered to customers. The subsidiaries provide services to the parent company or, occasionally, services to the customers on behalf of the parent company.

Sales and services revenues		IDEX group and IDEX ASA			
Amounts in NOK 1,000		Billing currency			
2016	Total	CNY	EUR	GBP	USD
Europe, Middle East and Africa	148				148
Americas	0				
Asia	38 408				38 408
Total	38 556	0	0	0	38 556

2015	Total	CNY	EUR	GBP	USD
Europe, Middle East and Africa	174		24		150
Americas	33				33
Asia	142				142
Total	349	0	24	0	325

The billing and underlying pricing currency may differ due to currency adjustment clauses.

3. Payroll expenses and remuneration

Amounts in NOK 1,000	IDEX group		IDEX ASA	
Payroll expense	2016	2015	2016	2015
Salaries	74 444	61 194	19 957	24 500
Social security taxes	7 320	6 637	3 072	3 913
Pension contribution	349	378	222	265
Other personnel expenses	3 045	4 797	1 247	450
Capitalised cost of development work	(8)	(547)	(8)	(547)
Payroll tax on exercised subscription rights	2 179	3 618	2 179	3 618
Share-based remuneration (notional salary)	12 553	10 479	12 553	10 479
Net employer's tax on share-based remuneration	(8 148)	11 669	(8 148)	11 669
Total	91 734	98 226	31 074	54 347
Average no. of employees (full-time equivalents)	64	46	16	17

The parent company provides a contribution-based pension insurance scheme for all its employees. The scheme satisfies the Norwegian mandatory service pension rules (obligatorisk tjenestepensjon, OTP). The contribution is 2 per cent of the employee's annual salary between 2G and 12G. G is the basic amount in the Norwegian social security system, and amounted to NOK 92 thousand in 2016 (2015: NOK 90 thousand). The pension scheme is a fully insured, defined contribution plan.

Employees of IDEX America are offered coverage in an insured health plan where the employee selects coverage level and inclusion of any family members, and the employee pays the full pre-tax premium. IDEX America contributes a salary supplement up to USD 1,800 per employee per month, depending on family status and chosen plan options. IDEX America does not offer or plan to offer any pension plans but for a 401k plan implemented in 2016.

IDEX China contributes to the mandatory social security schemes in PRC, including contribution of 21 per cent of eligible salary to each employee's personal retirement fund. The pension contribution is included in the social security cost.

IDEX UK contributes 2 per cent of basic salary to the employee's personal pension plan or a company plan, subject to employee choice. The contribution satisfies the UK automatic enrolment rules. The pension scheme is thus a defined contribution plan.

At year-end 2016, all employees but 17 (IDEX ASA: five) were male. Salary statistics per gender have not been prepared.

Remuneration to senior managers

2016

Remuneration to the CEO and managers reporting to the CEO.

2016					Share-based remuneration	Total remuneration
Amounts in NOK 1,000	Salary	Incentive pay (bonus)	Other benefits	Pension cost		
Hemant Mardia, CEO	3 513	1 987	33	incl. in salary	1 987	7 520
Fred Benkley, CTO	1 937	-	181	-	300	2 418
Henrik Knudtzon, CFO	1 829	165	10	20	1 580	3 604
Preeti Mardia, SVP Operations	1 906	140	-	38	527	2 611
Art Stewart, SVP Product Management	2 036	605	181	-	890	3 712
Anthony Sweeney, SVP Engineering	1 928	284	112	-	803	3 127
Stan Swearingen, CPO as of 17 Oct *	1 026	-	7	-	657	1 690
Yang Chiah Yee, SVP Worldwide Sales as of 1 Aug	840	-	18	-	539	1 397
Total	15 015	3 181	542	58	7 283	26 079

* Stan Swearingen served as an adviser on contract basis one day per week from 1 April 2016 until he became an employee. The service fee has been included in the salary column. Mr Swearingen's employment is 80 per cent of full time.

Salary, bonus and other benefits, whether cash or in kind, are the amounts declared for tax purposes for the year 2016, while pension cost and share-based remuneration are expensed amounts in the year. Employers' tax is not included.

None of the managers above exercised incentive subscription rights in 2016.

2015

In 2015 IDEX reported compensation for all employees who were primary insiders in 2015.

2015						
Amounts in NOK 1,000	Salary	Incentive pay (bonus)	Other benefits	Pension cost	Share-based remuneration	Total remuneration
Hemant Mardia, CEO	3 513	2 823	41	incl. in salary	2 176	8 553
Fred Benkley, CTO as of 1 April	1 814	272	174		610	2 870
Ralph W. Bernstein, CTO until 31 March; adviser until 31 Oct.	1 286		4	6	120	1 416
Henrik Knudtzon, CFO	1 693	827	12	20	1 708	4 260
Preeti Mardia, SVP Operations	1 977	431		40	319	2 767
Art Stewart, SVP Product Management	1 935		174		722	2 831
Erling Svela, VP Finance	1 342	91	11	22	17	1 483
Anthony Sweeney, SVP Engineering as of 28 September	474		36		136	646
Kristian Wiermyhr, VP Sales until 7 September	1 188	168	9	14	126	1 505
Total	15 222	4 612	461	102	5 934	26 331

Salary, bonus and other benefits, whether cash or in kind, are the amounts declared for tax purposes for the year 2015, while pension cost and share-based remuneration are expensed amounts in the year. Employers' tax is not included.

Ralph W. Bernstein left the CTO position on 31 March 2015. He continued to serve as an adviser under contract until 31 October 2015. The consulting fee has been included in the salary column in the table above. Kristian Wiermyhr left IDEX on 7 September 2015.

Managers' exercise of incentive subscription rights 2015	No of		
Amounts in NOK 1,000	subscr. rights	Amount paid	Taxable gain
Ralph W. Bernstein, CTO, 24 February	1 000 000	1 160	3 275
Erling Svela, VP Finance, 24 February	640 000	1 254	1 865

Guidelines for remuneration to senior managers

In order to attract and retain the leadership competence that IDEX needs, the remuneration of senior managers, and all other employees, shall be competitive and comprise a basic salary including standard benefits, which salary may be supplemented by performance-based cash bonus and incentive subscription rights. Cash bonus plans are limited to fixed amounts or fixed percentage of base pay. The highest bonus plan for any executive manager is currently limited to a maximum of 40 per cent of base pay, and the CEO's bonus plan is currently limited to a maximum of 70 per cent of base pay. In 2016, the board granted an exceptional bonus payment to the CEO based on special achievements in the second half of 2015. All parts of the remuneration – fixed as well as variable – shall reflect the responsibility and performance over time of the respective manager and employee. The basic salary is evaluated annually. Managers are enrolled in the same pension scheme(s) that IDEX offers other employees of the same entity. The board determines the salary and other remuneration to the CEO. The CEO determines the salary and other remuneration of all other employees, within the framework set by the board. There is no post-employment remuneration beyond notice periods of 3-6 months, or shorter when applicable.

Except for appropriate travel advances, IDEX has not made any advance payments or issued loans to, or guarantees in favour of, any members of the management.

Share-based remuneration to senior managers

The company's subscription rights plan(s) as resolved by the general meeting is the same for senior managers as for all employees. Grants are scaled based on position, results and competitive considerations. The purpose of such plans is to strengthen the company by providing to employees, management and individual contractors additional performance incentive.

Implementation and effect of the policies on remuneration to senior managers

Salary, pension and any paid bonuses will attract employer's tax which will be expensed simultaneously with the paid or earned remuneration.

Actual bonus payments in the respective years are reported in the tables above. The bonus may have been earned partly or in full in the calendar year before the payment was made. Bonuses are paid only after evaluation against bonus criteria has been conducted. Until the evaluation has taken place, an overall accounting accrual covering all participants in the bonus plan has been made. The accrual is not individual and therefore not included in the table of remuneration to managers.

The share-based remuneration reported in the tables is the period's notional cost of the respective managers' subscription rights. The equity effect of this cost is nil because the contra item is a notional equity injection of equal amount. In addition the cost of employer's tax on the earned intrinsic value on the balance sheet date, is accrued. The value varies with the share price and may entail a net reversal of cost. For the reported managers in the respective years, the cost accrual (reversal) for employer's tax on subscription rights in 2016 amounted to NOK 3,418 thousand reversal and the accumulated accrual amounted to NOK 4,264 thousand at the end of the year (2015: NOK 8,940 thousand and NOK 7,682 thousand).

On exercise, the actual employer's tax is expensed and the accrual adjusted to cover the remaining outstanding subscription rights. The actual cost of the employer's tax is normally funded by the equity paid in on exercise. Managers' exercises of subscription rights in the respective years are shown in the tables above.

For the shareholders an actual or possible exercise will represent a dilution. At the end of 2016, the number of outstanding subscription rights to management including their close associates was 14,725,000, corresponding to 2.8 per cent of the share capital (2015: 10,450,000 outstanding subscription rights corresponding to 2.0 per cent of the share capital at the time).

Board and election committee remuneration

IDEX has no other obligation to remunerate the board or election committee members in their capacity of board or committee members, than the remuneration being resolved by the annual general meeting upon completion of each year of tenure. The group has not issued any advance payments or loans to, or guarantees in favour of, any board member or election committee member.

The annual general meeting 2016 resolved a board remuneration amounting to NOK 300 thousand per board member for the period from the annual general meeting 2015 to the annual general meeting 2016. The chairman received an additional remuneration of NOK 25 thousand for the service as chairman. The board members had the option to receive part or all of the remuneration in the form of shares. The number of shares corresponded to a gross value of 133 per cent of the board remuneration, for which the board member paid the par value and the shares were locked up for one year. Board members Deborah Lee Davis and Hanne Høvdning both chose to take the full remuneration in shares, while board member Andrew James MacLeod took NOK 225 thousand in shares and the remainder in cash. The transactions were completed in the second quarter of 2016.

The annual general meeting 2016 resolved a remuneration to the nomination committee for the period from the annual general meeting 2015 to the annual general meeting 2016 amounting to NOK 15 thousand per member and NOK 25 thousand to its chairman.

Based on the resolutions of the annual general meeting 2016, IDEX has accrued corresponding amounts for board and nomination committee remuneration in the period June-December 2016. The accruals amounted to NOK 922 thousand at the end of 2016 (2015: NOK 985 thousand). The nomination committee shall propose the remunerations for the period June 2016-May 2017 to the annual general meeting 2017.

The company refunds relevant out-of-pocket expenses incurred by the board members.

The board members of the subsidiaries are executives of IDEX ASA or legal advisers. No board remuneration is paid, but the legal advisers charge normal rates for their time spent.

4. Research and development expenses

Research costs are expensed when incurred. IDEX's patents and other intellectual property rights created by IDEX are capitalised and held in the balance sheet only if they satisfy the criteria for capitalisation. The same applies to the development costs. IDEX has in 2016 and 2015 capitalised development expenses related to the Cardinal fingerprint sensor product. All other development costs and internal costs related to creation of IP have been expensed when incurred. Any grants and contributions to research and development (R&D) that are not revenue, have been credited against costs.

Amounts in NOK 1,000	IDEX group		IDEX ASA	
Research and development expenses	2016	2015	2016	2015
Gross R&D expenses	85 619	105 862	144 793	149 959
Capitalisation of development expense	(263)	(266)	(263)	(266)
Government grants credited to cost	(4 000)	(3 029)	(4 000)	(3 029)
Net R&D expenses	81 356	102 567	140 530	146 664
Estimated payroll cost related to R&D	65 703	76 193	19 102	32 779
Capitalisation of development work	(8)	(547)	(8)	(547)
Net estimated payroll expenses related to R&D	65 695	75 646	19 094	32 232

5. Government grants

Amounts in NOK 1,000	IDEX group and IDEX ASA	
Grants during the year	2016	2015
SkatteFunn (recognised as cost reduction)	4 000	3 029

SkatteFunn grants for research and development projects are contingent on pre-approved project applications and approved completion reports to the Research Council of Norway, as well as auditor's confirmation of costs. The 2016 reports were approved in March 2017. The support for 2016 will be paid out in the second half of 2017.

6. Audit and audit fees

Ernst & Young AS (EY) is the auditor for IDEX ASA and the group. IDEX America has also been audited by EY, while IDEX UK has not been subject to audit. IDEX China's local financial statements for 2016 have been subject to local statutory audit by Shanghai Xin Guang Certified Public Accountants Co., Ltd.

IDEX UK (IDEX Biometrics UK Ltd.), in which company IDEX ASA holds all the shares, has taken advantage of section 479a of the UK Companies Act 2006 to be exempt from audit of its financial statements for the period 1 January 2016 through 31 December 2016.

Audit fees for the statutory audit of IDEX ASA and the IDEX group in 2016 amounted to NOK 465 thousand (2015: NOK 450 thousand), of which NOK 305 thousand related to IDEX ASA (2015: NOK 295 thousand). Fees for other assurance services amounted to NOK 50 thousand (2015: NOK 10 thousand). There were no fees related to tax assistance in 2016 (2015: NOK 56 thousand). Other services, such as confirmations related to capital increases, NOK 51 thousand (2015: NOK 83 thousand). Total fees for 2016 amounted to NOK 566 thousand (2015: NOK 599 thousand). All amounts are excluding VAT.

7. Transactions with related parties

The company's significant shareholders, board members and management of the group, as well as related parties of these are considered related parties. Parties who are related to the group's related parties, are also considered related parties to the group. Furthermore, the subsidiaries are close relations to the parent company. All transactions with related parties have been carried out on arm's length principle.

Salary and board remuneration to related parties has been disclosed in note 3. See also note 15.

Board

The chairman is a partner in Advokatfirma Ræder DA. The law firm provided services to the company amounting to NOK 2,685 thousand in 2016 (2015: NOK 5,168 thousand). The amount in 2016 was chiefly related to ongoing assistance with various actual and contemplated business agreements and certain IP matters. (The amount in 2015 included, among other assignments, assistance in connection with a private placement of shares, transfer of listing from Oslo Axess to Oslo Børs, and exercises of warrants.) The accounted amounts include accruals for services received but not yet billed.

Larry Ciaccia, who was elected board member at the annual general meeting on 12 May 2015, has served on IDEX's Strategy Advisory Committee (SAC) since January 2014 and continues his tenure on the SAC. The SAC service fee is USD 15 thousand per year. Mr. Ciaccia also provides consulting services to IDEX for a fixed fee of USD 50 thousand per year.

Effective 1 February 2016, board member Andy MacLeod has provided consulting services beyond board duty to IDEX for a fixed fee of GBP 60 thousand per year. On 26 February 2016 Mr MacLeod was granted 500,000 incentive subscription rights (SRs) in his capacity as service provider. The grant was made under the 2015 incentive subscription rights plan. The exercise price of the SRs is NOK 8.10 per share.

Following the annual general meeting of IDEX on 11 May 2016, board members Deborah Lee Davis, Hanne Høvding and Andrew James MacLeod elected to receive part or full board remuneration in shares. Ms Davis and Høvding each acquired 48,487 shares at NOK 0.15 per share instead of receiving a cash board remuneration of NOK 300,000. Mr MacLeod acquired 36,365 shares at NOK 0.15 per share instead of receiving a cash board remuneration of NOK 225,000.

Significant shareholders

Robert N. Keith is related to a significant shareholder. Mr Keith assists IDEX in strategic analysis and in dealing with larger, international, prospective partners. Mr. Keith's fee for his services amounted to NOK 2.0 million in each of 2016 and 2015.

There were no overdue open items with any related parties at the end of 2016 or 2015. See also note 17.

Managers

Grants of incentive subscription rights to related parties 2016	Grant date	No. of subscr. rights	Exercise price NOK per share
Hemant Mardia, CEO	26 Feb 2016	1 000 000	8.10
Henrik Knudtzon, CFO	26 Feb 2016	375 000	8.10
Preeti Mardia, SVP Operations	26 Feb 2016	375 000	8.10
Art Stewart, SVP Product Management	26 Feb 2016	200 000	8.10
Anthony Sweeney, SVP Engineering	26 Feb 2016	150 000	8.10
Stan Swearingen, CPO as of 17 Oct *	10 Aug 2016 9 Nov 2016	500 000 1 400 000	7.79 6.59
Yang Chiah Yee, SVP Worldwide Sales as of 1 Aug	10 Aug 2016	750 000	7.79

The grants were made under the company's 2015 and 2016 incentive subscription rights plans as resolved at the annual general meetings on 12 May 2015 and 11 May 2016 respectively.

Subsidiaries

See note 1, 12 and 17. The parent company purchases various services from the subsidiaries IDEX America and IDEX UK at arm's length basis. The subsidiaries are funded by reasonable equity and interest-free advances as well as interest-bearing loans at arm's length interest rate. The parent company has injected equity in IDEX China. IDEX China is using its equity to fund its activities. See note 17.

Amounts in NOK 1,000	IDEX ASA's cost of services from subsidiaries		Interest-income to IDEX ASA from subsidiaries	
	2016	2015	2016	2015
Intra-group transactions				
IDEX America Inc.	96 380	78 782	336	78
IDEX Holding Company Inc.	0	0	0	0
IDEX Biometrics UK Ltd.	7 754	7 405	6	6
Total	104 134	86 187	84	84

There were no overdue payables between any of the group companies at the end of 2016 or 2015.

8. Income tax expense

Specification of the tax expense for the year	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2016	2015	2016	2015
Payable taxes on the result of the year	790	541	0	0
Change in deferred tax asset/liability	0	0	0	0
Tax expense on net result	790	541	0	0

Computation of taxes payable for the year	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2016	2015	2016	2015
Net result before taxes	(202 462)	(228 290)	(200 408)	(231 526)
Permanent differences	10 912	(38 494)	10 912	(38 494)
Changes in temporary differences	(8 770)	10 730	(8 770)	10 730
Basis for taxes payable	(200 320)	(256 054)	(198 266)	(259 290)

Calculated taxes payable on current year's result in the UK and the USA	790	541	0	0
25 % tax, representing taxes payable on current year's result in Norway (2015: 27%)	0	0	0	0
Taxes payable on current year's result	790	541	0	0

Temporary differences Amounts in NOK 1,000	Temporary differences		Change in temporary differences	
	31 Dec. 2016	31 Dec. 2015	2016	2015
IDEX group				
Temporary differences	(5 950)	(10 072)	(8770)	(10 730)
IDEX ASA				
Temporary differences	(5 950)	(10 072)	(8770)	(10 730)

Specification of temporary differences Amounts in NOK 1,000	IDEX group		IDEX ASA	
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Employer's tax on share-based remuneration	(5 752)	(13 900)	(5 752)	(13 900)
Fixed Assets	720	3 828	720	3 828
Inventory	(90)		(90)	
Receivable	(828)	0	(828)	0
Total	(5 950)	(10 072)	(5 950)	(10 072)
Losses carried forward	(957 644)	(761 889)	(957 644)	(761 889)
Temporary differences	(5 950)	(10 072)	(5 950)	(10 072)
Basis for deferred taxes	(963 590)	(771 961)	(963 590)	(771 961)
Calculated deferred tax, 24 % (2015: 25 %) Norway for following years	231 263	192 990	231 263	192 990
Deferred tax asset in the balance sheet	0	0	0	0

Specification of payable taxes in the balance sheet Amounts in NOK 1,000	IDEX group		IDEX ASA	
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Taxes payable on this year's result	790	541	0	0
Total taxes payable	790	541	0	0

Reconciliation theoretical vs. actual tax expense Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2016	2015	2016	2015
Result (loss) before tax	(202 462)	(228 290)	(200 408)	(231 526)
Theoretical tax expense (income), 25 % (2015: 27%) Norway	(50 102)	(62 512)	(50 102)	(62 512)
Calculated tax expense (income), UK and USA		541		
Tax on permanent differences	2 728	(10 393)	2 728	(10 393)
Effect on deferred tax from change in future tax rate from 25 % in 2016 to 24 % in 2017 (from 27% in 2015 to 25% in 2016)	9 636	15 439	9 636	15 439
Adjustment to losses carried forward 2015	(508)		(508)	
Change in deferred tax asset not recognised on 31 December	38 246	54 466	38 246	54 466
Actual tax expense (income)	0	541	0	0

The accumulated deferred tax asset amounting to NOK 231.3 million is virtually entirely related to tax losses carry forward in Norway (2015: NOK 193.0 million). IDEX has not generated taxable profits in prior years. At 31 December 2016 there was not sufficiently convincing evidence that sufficient taxable profit will be generated, against which the unused tax losses could be applied. Consequently, no deferred tax asset has been recognised. There are no restrictions as to how long tax losses may be carried forward.

9. Profit (loss) per share

The profit (loss) per share shall be calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares outstanding in the year. The profit (loss) per fully diluted share shall be calculated based on the result for the year divided by the weighted average number of fully diluted shares. In case of a net loss, the dilution would reduce the loss per share. In that case the effect of dilution is not taken into account.

	IDEX group	
	2016	2015
Net profit (loss) for the year (NOK 1,000)	(203 252)	(228 831)
Number of ordinary shares in issue at 31 December	533 780 255	531 009 416
Weighted average basic number of ordinary shares	532 167 502	459 123 063
Weighted average diluted number of shares	542 985 135	471 523 685
Basic and diluted profit (loss) per share in the year (NOK per share)	(0.38)	(0.50)

The diluted number of shares has been calculated by the treasury stock method. If the exercise price of subscription rights exceeds the average share price in the period, the subscription rights or warrants are not counted as being dilutive.

10. Intangible assets

Total intangible assets Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2016	2015	2016	2015
<i>Depreciation period (straight line, years)</i>	3, 10 and 17	<i>3, 10 and 17</i>	3, 10 and 17	<i>3, 10 and 17</i>
Cost at 1 January	53 491	52 678	53 491	52 678
Additions	271	813	271	813
Disposals at cost				
Currency adjustment				
Cost at 31 December	53 762	53 491	53 762	53 491
Accumulated depreciation at 1 January	6 059	1 613	6 059	1 613
Depreciation and impairment	4 600	4 446	4 600	4 446
Accumulated depreciation of disposed items				
Currency adjustment				
Accumulated depr. and impairmt. at 31 December	10 659	6 059	10 659	6 059
Book value at 31 December	43 103	47 432	43 103	47 432

Goodwill

Goodwill Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2016	2015	2016	2015
<i>Depreciation period (straight line, years)</i>	not applicable	<i>not applicable</i>	not applicable	<i>not applicable</i>
Cost at 1 January	8 260	8 260	8 260	8 260
Additions				
Disposals at cost				
Currency adjustment				
Cost at 31 December	8 260	8 260	8 260	8 260
Accumulated impairment at 1 January				
Impairment				
Accumulated impairment of disposed items				
Currency adjustment				
Accumulated impairment at 31 December	0	0	0	0
Book value at 31 December	8 260	8 260	8 260	8 260

IDEX acquired assets and intellectual property rights from PicoField Technologies, Inc. on 23 September 2013. The purchase amount, USD 4.0 million, corresponding to NOK 23.6 million, was allocated to identifiable assets and goodwill. The goodwill was primarily attributed to the expected benefit from the IP and know-how arriving with the identifiable assets and the employees. Under IFRS goodwill is not depreciated but impairment tested at each year end. For tax purposes, the goodwill will depreciate by 20 per cent annually on declining balance.

Goodwill has not been allocated because there is only one cash generating unit in the group. IDEX performed the annual impairment test on 31 December 2016. The recoverable amount has been determined based on the fair value of the equity of IDEX, based on the share price at 31 December 2016. The fair value of the equity at 31 December 2016 was NOK 3,731 million, while the book value of equity was NOK 562 million. No impairment charge has been made. IDEX is not aware of any circumstances that indicate that the goodwill may be impaired at the date of these financial statements.

Other intangible assets

Capitalised development costs	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2016	2015	2016	2015
<i>Depreciation period (straight line, years)</i>	3	3	3	3
Cost at 1 January	1 601	788	1 601	788
Additions	271	813	271	813
Disposals at cost				
Currency adjustment				
Cost at 31 December	1 872	1 601	1 872	1 601
Accumulated depreciation at 1 January	285		285	
Depreciation and impairment	564	285	564	285
Accumulated depreciation of disposed items				
Currency adjustment				
Accumulated depr. and impairmt. at 31 December	849	285	849	285
Book value at 31 December	1 023	1 316	1 023	1 316

IDEX's patents and other intellectual property rights created by IDEX are not held in the balance sheet because they do not satisfy the criteria for capitalisation. Since commencement of commercial shipments of Cardinal sensors in the fourth quarter of 2014, IDEX has capitalised the development expenses related to Cardinal. The capitalisation in 2016 amounted to NOK 270 thousand (2015: NOK 813 thousand).

Acquired patents	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2016	2015	2016	2015
<i>Depreciation period (straight line, years)</i>	10, 17	10, 17	10, 17	10, 17
Cost at 1 January	42 450	42 450	42 450	42 450
Additions				
Disposals at cost				
Currency adjustment				
Cost at 31 December	42 450	42 450	42 450	42 450
Accumulated depreciation at 1 January	4 864	1 093	4 864	1 093
Depreciation and impairment	3 766	3 771	3 766	3 771
Accumulated depreciation of disposed items				
Currency adjustment				
Accumulated depr. and impairmt. at 31 December	8 630	4 864	8 630	4 864
Book value at 31 December	33 820	37 586	33 820	37 586

The assets and intellectual property rights acquired in earlier years have been capitalised in accordance with IFRS and is depreciated over the estimated economic useful life, viz. the lifetime of the respective patent(s).

Customer and supplier files and relationships	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2016	2015	2016	2015
<i>Depreciation period (straight line, years)</i>	3	3	3	3
Cost at 1 January	1 180	1 180	1 180	1 180
Additions				
Disposals at cost				
Currency adjustment				
Cost at 31 December	1 180	1 180	1 180	1 180
Accumulated depreciation at 1 January	910	520	910	520
Depreciation and impairment	270	390	270	390
Accumulated depreciation of disposed items				
Currency adjustment				
Accumulated depr. and impairmt. at 31 December	1 180	910	1 180	910
Book value at 31 December	0	270	0	270

Customer files and relationships were acquired on 23 September 2013 and depreciated over the estimated economic useful life of 3 years.

The capitalised development costs, acquired patents and customer and supplier files and relationships remain intact and in use. IDEX is not aware of any circumstances that indicate that these other intangible assets may be impaired at the date of these financial statements.

11. Tangible fixed assets

Total tangible fixed assets	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2016	2015	2016	2015
<i>Depreciation period (straight line), years</i>	3-5	3-5	3-5	3-5
Cost at 1 January	11 755	8 045	4 257	2 763
Additions	1 089	2 624	172	1 494
Disposals at cost	(1 477)		(1 352)	
Currency adjustment	(140)	1 086		
Cost at 31 December	11 227	11 755	3 077	4 257
Accumulated depreciation at 1 January	5 179	2 457	2 198	1 529
Depreciation	2 719	2 388	758	669
Accumulated depreciation of disposed items	(1 350)		(1 226)	
Currency adjustment	(16)	334		
Accumulated depreciation at 31 December	6 532	5 179	1 730	2 198
Book value at 31 December	4 695	6 576	1 347	2 059

There were no investments in progress at the end of 2016 (2015: NOK 383 thousand in IDEX group and NOK 252 thousand in IDEX ASA).

Plant and machinery, fixtures and fittings	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2016	2015	2016	2015
<i>Depreciation period (straight line), years</i>	3-5	3-5	3-5	3-5
Cost at 1 January	1 361	1 094	759	614
Additions		175		145
Disposals at cost	(775)		(644)	
Currency adjustment	(16)	92		
Cost at 31 December	569	1 361	115	759
Accumulated depreciation at 1 January	723	616	637	580
Depreciation	139	97	51	57
Accumulated depreciation of disposed items	(539)		(580)	
Currency adjustment	2	10		
Accumulated depreciation at 31 December	325	723	108	637
Book value at 31 December	244	637	7	122

Office furniture and office equipment	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2016	2015	2016	2015
<i>Depreciation period (straight line), years</i>	3-5	3-5	3-5	3-5
Cost at 1 January	5 445	4 241	1 397	1 167
Additions	703	601	103	230
Disposals at cost	(3 343)		(600)	
Currency adjustment	(143)	603		
Cost at 31 December	2 662	5 445	900	1 397
Accumulated depreciation at 1 January	2 349	911	904	599
Depreciation	677	1 289	332	305
Accumulated depreciation of disposed items	(1 618)		(600)	
Currency adjustment	(49)	149		
Accumulated depreciation at 31 December	1 359	2 349	636	904
Book value at 31 December	1 303	3 096	264	493

Instruments and lab equipment, software tools	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2016	2015	2016	2015
<i>Depreciation period (straight line), years</i>	3-5	3-5	3-5	3-5
Cost at 1 January	4 563	2 454	1 849	837
Additions	638	1 742	321	1 012
Disposals at cost	2 766		(108)	
Currency adjustment	25	367		
Cost at 31 December	7 992	4 563	2 062	1 849
Accumulated depreciation at 1 January	2 059	821	657	350
Depreciation	1 902	1 080	375	307
Accumulated depreciation of disposed items	850		(46)	
Currency adjustment	33	158		
Accumulated depreciation at 31 December	4 843	2 059	986	657
Book value at 31 December	3 148	2 505	1 076	1 192

12. Subsidiaries

The subsidiaries provide various services to the parent company, mainly within technical development, supply-chain administration and customer interface, and marketing services to IDEX ASA.

Subsidiaries as at 31 December 2016				Equity
Amounts in NOK 1,000	Ownership	Share of votes	Net profit 2016	31 Dec. 2016
IDEX Biometrics UK Ltd., England	100 %	100 %	398	551
IDEX Holding Company Inc., Delaware, USA	100 %	100 %	(113)	36
IDEX America Inc., Delaware, USA	100 %	100 %	4 062	8 273
IDEX Electronics (Shanghai) Co., Ltd, P. R. China	100 %	100 %	(6 995)	869

IDEX Biometrics UK Ltd. (IDEX UK) was incorporated and commenced operations in 2014. The registered office is in Manchester, England. IDEX UK has taken advantage of section 479a of the UK Companies Act 2006 to be exempt from audit of its financial statements for the calendar year 2016.

IDEX Holding Company Inc. (IDEX Holding) is a holding company for the activities in the USA. The operating company, IDEX America Inc. (IDEX America), is held by IDEX Holding. IDEX Holding and IDEX America were established in 2013 when operations commenced. IDEX America's main facility is in Tewksbury, Massachusetts, USA.

IDEX Electronics (Shanghai) Co., Ltd. (IDEX China) was established and commenced activities in 2015. The company is located in Shanghai.

13. Cash and bank deposits

Cash and bank deposits by currency Amounts in NOK 1,000	IDEX group		IDEX ASA	
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Denominated in NOK	520 982	749 258	520 982	749 255
Denominated in CNY	361	134		
Denominated in GBP	357	1 656		
Denominated in USD	10 920	12 668	3	3
Total	532 619	763 716	520 985	749 258

Of the amounts above, NOK 851 thousand was employees' withheld payroll tax deposits (2015: NOK 3,119 thousand). Only the withheld payroll tax deposits were restricted. Deposits for rent of facilities or utilities have not been included in bank deposits.

14. Restricted assets

IDEX ASA has placed an amount corresponding to about 6 months' rent and allocations of its leasehold facilities, and 3 months' rent for the CEO's commuter apartment, into escrow accounts for the benefit of the respective landlords. At the end of 2016, the escrow accounts amounted to NOK 1 161 thousand (2015: NOK 1,155 thousand). Other companies in the group have paid deposits amounting to NOK 116 thousand to suppliers (2015: NOK 17 thousand).

No other assets have been pledged as security or are otherwise restricted. See note 13.

15. Share capital and shareholder information, warrants and incentive subscription rights

There is one class of shares, and all shares have equal rights and are freely negotiable. There were 533,780,255 shares in the company on 31 December 2016, compared to 531,009,416 shares on 31 December 2015. The share capital is fully paid in. The par value of the shares is NOK 0.15 (15 Norwegian øre) per share. At the end of 2016 there were 2,875 shareholder accounts compared to 2,606 at the end of 2015. IDEX does not hold any of its own shares.

Number of shares, warrants		
2016		Shares
Balance at 1 January		531 009 416
Share issue (board remuneration) on 11 May		133 339
Exercises of incentive subscription rights on several dates		2 637 500
Balance at 31 December		533 780 255
2015		Warrants
Balance at 1 January		30 000 000
Private placement and issue of warrants on 29 April		26 250 000
Share issue (board remuneration) on 13 May		137 692
Private placement of shares (in lieu of cash payment) on 2 July		3 150 000
Exercise of warrants 16 November and 4 December	(56 250 000)	56 250 000
Exercises of incentive subscription rights on several dates		5 482 862
Balance at 31 December	0	531 009 416

2016:

Three board members took board remuneration partly or fully in shares in lieu of cash, total 133,339 shares were issued against a payment of par value NOK 0.15 per share.

Several employees exercised vested incentive subscription rights on several occasions in 2016, in a combined total of 2,637,500 shares at average price NOK 1.36 per share. In addition, 125,000 subscription rights were exercised on 30 December 2016, but the shares were issued only in 2017.

Costs related to share issues have been charged against equity, and amounted to NOK 301 thousand in 2016.

2015:

Funds managed by Woodford Investment Management LLP (Woodford funds) acquired 52,500,000 new shares in IDEX at NOK 5.65 per share on 29 April 2015. The pricing of the shares was based on market prices up to 19 March 2015, when the investment terms were substantially agreed. The share issue was resolved by an extraordinary general meeting on 29 April 2015. In connection with the placement, the funds also received 26,250,000 warrants, each at an exercise price of NOK 8.50. The warrants were open to be exercised 12 months after the date of issue and would expire 24 months after issue.

IDEX issued 3,150,000 shares at NOK 5.65 per share on 2 July 2015 to settle a payable amounting to NOK 17.8 million. 1,050,000 shares are restricted for six months and 1,050,000 shares are restricted for 12 months. The shares were issued under the authorisation to the board to issue shares, resolved by the annual general meeting on 12 May 2015. The board chose to apply the existing shareholders' waiver of their preemptive right to subscribe for shares because the share issue settled a payable debt related to the private placement of shares to the Woodford funds.

Funds managed by Invesco Asset Management Limited exercised 30,000,000 warrants at NOK 7.50 per share on 16 November 2015. The Woodford funds exercised 26,250,000 warrants at NOK 8.50 per share on 4 December 2015.

Three board members took board remuneration partly or fully in shares in lieu of cash, total 137,692 shares were issued against a payment of par value NOK 0.15 per share. Several employees exercised vested incentive subscription rights on several occasions in 2015, in a combined total of 5,482,862 shares at average price NOK 1.50 per share.

Costs related to share issues have been charged against equity, and amounted to NOK 46,452 thousand in 2015.

Shareholders registered at 31 December 2016	Number of shares	Percent of shares
The Northern Trust Comp, London Br (Nominee)	91 975 610	17.2 %
Sundvall Holding As	62 568 417	11.7 %
Invesco Perpetual High Income Fund	53 228 391	10.0 %
Charles Street International Ltd	38 157 236	7.1 %
Invesco Perpetual Income Fund	36 771 609	6.9 %
The Northern Trust Company, London (Nominee)	28 827 688	5.4 %
Euroclear Bank N.V. (Nominee)	21 888 727	4.1 %
Colargol Invest As	15 880 318	3.0 %
Smart Riches Limited	13 613 617	2.6 %
Six Sis Ag (Nominee)	6 085 429	1.1 %
Statoil Pensjon	5 846 672	1.1 %
Commerzbank Ag	5 807 749	1.1 %
Klp Aksjenorge Indeks	4 751 984	0.9 %
Marc O Polo Norge As	4 613 148	0.9 %
Mp Pensjon Pk	4 190 680	0.8 %
Alden As	3 995 887	0.7 %
Citibank, N.A. (Nominee)	3 770 855	0.7 %
Verdipapirfondet Dnb Smb	3 635 244	0.7 %
Giant Leap International Ltd	3 383 802	0.6 %
Rønne ,Sven Christian Florus	3 112 016	0.6 %
Others	121 675 176	22.8 %
Total	533 780 255	100.0 %

Note: For practical reasons, IDEX reports shareholders as registered in the VPS and does not combine accounts or prepare a list of beneficial owners of holdings in nominee accounts.

Shares and subscription rights held or controlled by primary insiders and their close relations	31 December 2016		31 December 2015	
	Shares	Incentive subscr. rights	Shares	Incentive subscr. rights
Morten Opstad, chairman	6 989 196	0	6 889 196	0
Lawrence John Ciaccia, board member(*)	0	500 000	0	500 000
Deborah Lee Davis	48 487	0	0	0

(table continues)

(continued)

	31 December 2016		31 December 2015	
Shares and subscription rights held or controlled by primary insiders and their close relations	Shares	Incentive subscr. rights	Shares	Incentive subscr. rights
Hanne Høvdning, board member	366 062	0	317 575	0
Andrew James MacLeod, board member (*)	415 457	500 000	379 092	0
Hemant Mardia, CEO(**)	365 625	7 500 000	265 625	6 500 000
Fred Benkley, CTO	0	850 000	0	850 000
Henrik Knudtzon, CFO	0	1 875 000	0	1 500 000
Preeti Mardia, SVP Operations(**)	0	750 000	0	500 000
Art Stewart, SVP Product Management	0	950 000	0	750 000
Stan Swearingen, CPO		1 900 000	na	na
Anthony Sweeney, SVP Engineering	0	500 000	0	350 000
Yang Chiah Yee, SVP Worldwide Sales		750 000	na	na
Total	8 184 827	16 075 000	7 851 488	10 950 000

Note: na indicates that the person was not a primary insider at the end of the respective years.

*: The incentive subscription rights granted to Lawrence John Ciaccia and Andrew James MacLod were granted in connection with their ongoing consultancy/advisory roles and not as remuneration for board tenure.

** : Preeti Mardia and Hemant Mardia are spouses and thus close relations. Only their individual holdings are listed in order to avoid double counting.

IDEX has the practice of revolving its incentive subscription rights programme at each annual general meeting, when the preceding programme is closed for further grants and a new programme opened. In 2016 the board granted incentive subscription rights to employees and individual contractors under the 2015 programme in the period 1 January-10 May 2016, and made grants under the 2016 programme in the period 11 May-31 December 2016.

Under the 2016 subscription rights-based incentive programme resolved by the annual general meeting on 11 May 2016, the board may grant up to 53,192,191 incentive subscription rights, but limited in such a way that the total number of subscription rights outstanding under all programmes may not exceed 10 per cent of the number of shares. The subscription rights may be granted to employees and individual contractors performing similar work in IDEX. The exercise price shall be minimum the higher of the average closing price of the IDEX share on ten trading days preceding the date of the grant, or the closing price of the IDEX share on the trading day preceding the date of the grant. Unless resolved otherwise by the board, 25 per cent of each grant of subscription rights vest 12 months after the date of the grant. The subscription rights lapse on the fifth anniversary after the annual general meeting that resolved the programme. Grants under programmes for prior years have similar pricing rule, vesting schedule and duration. Unvested subscription rights terminate on the holder's last day of employment. Vested subscription rights may be exercised up to 90 days after the holder's last day of employment. There are no cash settlement alternatives.

	2016		2015	
Incentive subscription rights movements	Number of subscr. rights	Weighted average exercise price	Number of subscr. rights	Weighted average exercise price
Outstanding at 1 January	22 220 000	3.48	26 460 362	2.88
Granted	7 995 000	7.63	2 285 000	6.49
Exercised (*)	(2 762 500)	1.59	(5 482 862)	1.50
Forfeited	(1 207 500)	5.12	(817 500)	5.62
Expired	(207 500)	5.63	(225 000)	5.20
Outstanding at 31 December	26 037 500	4.86	22 220 000	3.48
Number which were exercisable at 31 December	14 270 000	3.23	11 395 000	2.83
Weighted average fair value of subscription rights granted in the year	7 995 000	3.57	2 285 000	3.07

* Including 125,000 subscription rights exercised on 30 December 2016, but the shares were issued only in 2017.

Outstanding and vested incentive subscription rights at 31 December 2016

Outstanding subscription rights					Vested subscription rights		
Exercise price	Number of outstanding subscr. rights	Weight. aver. exercise price	Weight. aver. remaining duration	Weight. aver. remain. time to vesting	Number of vested subscr. rights	Weight. aver. exercise price	Weight. aver. remaining duration
NOK		NOK	Years	Years		NOK	Years
0.50 - 1.00	556 250	1.00	0.4	0.0	318 750	1.00	0.2
1.00 - 1.50	3 756 250	1.24	0.4	0.0	3 518 750	1.24	0.4
1.50 - 2.00	4 000 000	1.80	0.4	0.0	4 000 000	1.80	0.4

(table continues)

(continued)

Exercise price NOK	Outstanding subscription rights				Vested subscription rights		
	Number of outstanding subscr. rights	Weight. aver. exercise price NOK	Weight. aver.	Weight. aver.	Number of vested subscr. rights	Weight. aver. exercise price NOK	Weight. aver.
			remaining duration Years	remain. time to vesting Years			remaining duration Years
3.50 - 4.00	310 000	3.60	2.4	0.7	155 000	3.60	1.2
4.00 - 4.50	2 125 000	4.43	2.3	0.5	1 175 000	4.43	1.3
4.50 - 5.00	2 000 000	4.69	0.9	0.0	2 000 000	4.69	0.9
5.00 - 5.50	2 690 000	5.26	1.7	0.4	1 772 500	5.32	1.0
5.50 - 6.00	175 000	5.83	2.4	0.5	87 500	5.83	1.2
6.00 - 6.50	50 000	6.40	2.4	0.5	22 500	6.44	1.1
6.50 - 7.00	1 910 000	6.59	4.3	2.3	52 500	6.70	0.0
7.00 - 7.50	1 760 000	7.03	1.4	0.4	880 000	7.03	0.7
7.50 - 8.00	3 455 000	7.79	4.4	2.1	0	0.00	0.0
8.00 -	3 250 000	8.24	3.4	1.5	287 500	8.47	0.3
Total	26 037 500	4.86	2.0	0.8	14 270 000	3.23	0.5

The fair value for the subscription rights granted in the year has been calculated by use of the Black & Scholes option pricing model applying the following assumptions applied in 2016:

- Exercise price NOK 6.59-8.36 per share, weighted average NOK 7.63 per share
- Weighted average actual share price at date of grant NOK 7.74 per share
- Duration up to 4.8 years, weighted average 3.3 years
- Volatility of share price based on share price history 62-73 per cent
- Weighted average risk free interest rate of 0.64 per cent
- No expected dividend payment
- Actual population of subscription rights holders, no attrition

16. Board authorisations to issue shares or acquire own shares

The board has been authorised by the respective annual general meetings to issue shares upon exercise of incentive subscription rights granted under the various incentive subscription rights programmes. See note 15.

Only additional authorisations valid on 31 December 2016 have been included below. The authorisations were resolved at the annual general meeting 2016 and are valid until the annual general meeting 2017 but no longer than 30 June 2017.

Purpose of the authorisation	Authorised number of shares	Issued number of shares
Private placement of shares to raise additional capital (*)	53 192 191	0
Issue of shares in a rights issue to raise additional capital (*)	53 192 191	0
Issue of shares to business partners	15 957 657	0

* The combined issue under these two authorisations may not exceed 53,192,191 shares.

There were no authorisations to acquire own shares in effect at the end of 2016.

17. Receivables and payables; Financial obligations; Contingent assets and liabilities

Long-term receivables Amounts in NOK 1,000	IDEX group		IDEX ASA	
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Denominated in NOK	1 161	1 155	1 161	1 155
Denominated in CNY				
Denominated in GBP	99			
Denominated in USD	17			
Total	1 277	1 155	1 161	1 155

The receivables are deposits for leasehold payments, and are held at nominal value.

Long-term loans to group companies Amounts in NOK 1,000	IDEX ASA	
	31 Dec. 2016	31 Dec. 2015
Denominated in NOK		
Denominated in CNY		
Denominated in GBP	662	791
Denominated in USD	8 421	11 132
Total	9 083	11 923

Customer receivables		IDEX group and IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	12 177				12 177
Due in 3-6 months					
Due in 6-12 months					
Total	12 177	0	0	0	12 177
31 December 2015	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	254		26		228
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	254	0	26	0	228

Customer receivables amounting to the equivalent of NOK 828 thousand were overdue and the potential loss had been accrued for at the end of 2016. No receivables were overdue and there were no accruals for losses or potential losses at the end of 2015.

Short-term receivables from group companies		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Total	0	0	0	0	0
31 December 2015	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	2 620			417	2 203
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	2 620	0	0	417	2 203

Other short-term receivables		IDEX group			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	663			52	
Due in 3-6 months	0				
Due in 6-12 months	4 000				
Total	4 663	0	0	52	0
31 December 2015	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	1 319		608		61
Due in 3-6 months	0				
Due in 6-12 months	3 000				
Total	4 319	0	608	0	61

Other short-term receivables		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	611				
Due in 3-6 months	0				
Due in 6-12 months	4 000				
Total	4 611	0	0	52	0
31 December 2015	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	1 303		608		45
Due in 3-6 months	0				
Due in 6-12 months	3 000				
Total	4 303	0	608	0	61

No group or other receivables were overdue and there were no accruals for losses or potential losses at the end of 2016 or 2015.

Long-term payables Amounts in NOK 1,000	IDEX group		IDEX ASA	
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Later than one year and not later than five years	6 504	9 445	6 504	9 445
Later than five years				
Total	6 504	9 445	6 504	9 445

The payable is denominated in USD and relates to the acquisition of IP from Roger Bauchspies in 2014, and is held at net present value (rate 12 per cent p.a.).

Accounts payable Amounts in NOK 1,000		IDEX group NOK equivalent of amounts denominated in foreign currency			
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	11 978		418	665	9 903
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	11 978	0	418	665	9 903
31 December 2015	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	17 755		2 919	124	4 887
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	17 755	0	2 919	124	4 887

Accounts payable Amounts in NOK 1,000		IDEX ASA NOK equivalent of amounts denominated in foreign currency			
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	9 345		418	422	7 513
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	9 345	0	418	422	7 513
31 December 2015	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	15 724		2 919	36	2 944
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	15 724	0	2 919	36	2 944

No payables were overdue without reason at the end of 2016 or 2015.

Short-term payables to group companies Amounts in NOK 1,000		IDEX ASA NOK equivalent of amounts denominated in foreign currency			
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	11 586			1 952	9 634
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	11 586	0	0	1 952	9 634
31 December 2015	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	8 735			469	8 266
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	8 735	0	0	469	8 266

The estimated employer's tax liability related to share-based remuneration which on 31 December 2016 amounted to NOK 5,752 thousand for the IDEX group as well as IDEX ASA (2015: NOK 13,900 thousand), will be due only if and when the incentive subscription rights are exercised. The exercise will in all likely circumstances normally fund the payable employer's tax.

Other short-term liabilities		IDEX group			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	8 758	424		307	3 026
Due in 3-6 months	5 390			336	1 840
Due in 6-12 months	3 848				3 848
Total	17 996	424	0	643	8 714
<hr/>					
31 December 2015	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	25 620	40		431	9 961
Due in 3-6 months	3 245				
Due in 6-12 months	3 584				3 584
Total	32 449	40	0	431	13 545
<hr/>					
Other short-term liabilities		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	6 440				1 439
Due in 3-6 months	3 214				
Due in 6-12 months	3 848				3 848
Total	13 520	0	0	0	5 287
<hr/>					
31 December 2015	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	19 941				4 753
Due in 3-6 months	3 245				
Due in 6-12 months	3 584				3 584
Total	26 770	0	0	0	8 337

Other short-term liabilities are accruals for earned compensation, vacation days not taken and accruals for goods and services received but not yet invoiced by the supplier.

IDEX had no other significant short-term or long-term financial obligations at the end of 2016.

The parent company's leasehold agreement for offices at Fornebu was revoked in 2016 until December 2019. IDEX America rents offices in Tewksbury, Massachusetts under a leasehold agreement ending in August 2017, and offices in Rochester, New York under a leasehold agreement commencing in December 2016 and ending in December 2019. IDEX America plans to expand its leasehold space in or near Tewksbury in 2017. IDEX China rents offices in Pudong, Shanghai. The leasehold agreement ends in June 2017. IDEX China plans to extend and possibly expand its leasehold space in or near Pudong, Shanghai in 2017. IDEX UK rents space on short-term basis in Farnborough, Hampshire. IDEX UK plans to enter into a suitable leasehold agreement in 2017. The leasehold costs in 2015 amounted to NOK 4,089 thousand for the group including NOK 1,856 thousand for IDEX ASA (2015: NOK 3,950 thousand and NOK 2,181 thousand respectively).

Minimum future lease/rental payments		IDEX group	IDEX ASA
Amounts in NOK 1,000			
Not later than one year		3 370	840
Later than one year and not later than five years		3 978	1 680
Later than five years		0	0

IDEX had no contingent assets or liabilities at the end of 2016 or 2015.

18. Inventory

Inventory, consisting mainly of fingerprint sensors which are manufactured for sale, is held at cost, which is less than recoverable value. No impairment charge has been made in 2016. In 2015, inventoried third-party algorithm licences amounting to NOK 7,916 were written off because IDEX decided to use other algorithms.

19. Events after 31 December 2016

The board resolved on 24 February 2017 to issue a total of 6,462,500 shares to employees who had exercised incentive subscription rights which were granted in 2013, 2014 and 2015 under the company's incentive subscription rights plans at the respective grant dates. The weighted average exercise price was NOK 1.68 per share. The board resolved on the same day to grant 2,800,000 incentive subscription rights (SRs) to employees of the company. The grant was made under the 2016 incentive subscription rights plan as resolved at the annual general meeting on 11 May 2016. The exercise price of the SRs was NOK 6.59 per share. 25 per cent of the SRs vest on each anniversary from the date of the grant, and expire on 11 May 2021. Following the exercise and grant there are 540,242,755 shares and 22,500,000 incentive subscription rights outstanding.

Between 31 December 2016 and the resolution of these annual financial statements, there have not been any events which have had any noticeable impact on IDEX's result in 2016 or the value of the group's assets and liabilities at 31 December 2016.

RESPONSIBILITY STATEMENT

The board and the managing director have today reviewed and approved this report from the board of directors as well as the annual financial statements for the IDEX group and the parent company IDEX ASA as at 31 December 2016.

The consolidated annual financial statements and the annual financial statements for IDEX ASA have been prepared in accordance with IFRS as adopted by the EU and the additional requirements in the Norwegian accounting act. The notes are an integral part of the respective financial statements. The report from the board of directors have been prepared in accordance with the Norwegian accounting act and generally accepted accounting practice in Norway.

We confirm, to the best of our knowledge, that the information presented in the financial statements gives a true and fair view of the group's and the parent company's assets, liabilities, financial position and result for the period viewed in their entirety, and that the report from the board of directors gives a true and fair view of the development, performance and financial position of the group and the parent company, and includes a description of the principal risks and uncertainties which the group and the parent company are facing.

London, 20 April 2017
The board of directors of IDEX ASA



Morten Opstad
Chairman



Lawrence John Ciaccia
Board member



Deborah Lee Davis
Board member



Hanne Hovding
Board member



Andrew James MacLeod
Board member



Hemant Mardia
CEO

Auditor's report



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of IDEX ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IDEX ASA, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the statement of financial position as at 31 December 2016, the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2016 and their financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Revenue recognition

Group revenue has increased from NOK 0,3 million in 2015 to NOK 38,6 million in 2016. Revenue is mainly related to sale of goods and is recognized when the risks and rewards of ownership to the goods are transferred to the customer. The understanding and interpretation of the terms of the customer contract, including any warranty obligations, return rights and other contingencies, is critical in assessing the transfer of risks and rewards of ownership to the goods.

There is a risk that revenue is recognized before the significant risks and rewards of ownership to the goods are transferred to the customer and revenue recognition is therefore considered a key audit matter.

Our audit procedures included a review of the accounting principles related to revenue recognition. In addition, we read new customer contracts to assess contract terms and contingencies and performed detailed testing of sales invoices against contract and delivery of goods. We also analyzed cut-off at year-end by comparing the date of transfer of risks and reward of ownership to the goods against invoice date and revenue recognition period. In addition, we evaluated management's assessment of probability of return and other contract contingencies and the impact on the revenue recognition.

We refer to note 2 of the financial statements.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

Independent auditor's report - IDEX ASA

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- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

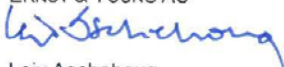
Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 20 April 2017
ERNST & YOUNG AS



Leiv Aschehoug
State Authorised Public Accountant (Norway)

Independent auditor's report - IDEX ASA

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ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION OF IDEX ASA, corp.ID. no. NO 976 846 923 VAT (last amended on 24 February 2017)

- § 1 The name of the company is IDEX ASA and it is a public limited company.
- § 2 The objective of the company is to deliver computer-based identification systems and other related activities.
- § 3 The business offices are in the Bærum municipality, Norway.
- § 4 The company's shares shall be registered in the Norwegian Registry of Securities.
- § 5 The share capital is NOK 81,036,413.25 divided into 540,242,755 shares each with a nominal value of NOK 0.15 per share and issued in name.
- § 6 The board of the company consists of from 3 to 7 members.
- § 7 The ordinary general meeting shall consider and resolve:
- Determination of the profit and loss account and balance sheet
 - Appropriation of (net) profit or covering of losses
 - Election of board and determination of board remuneration
 - Election of chairman and members of the nomination committee, and determination of remuneration to the members of the nomination committee
 - Election of auditor and determination of auditor's remuneration
 - Other matters which are governed by law
 - Other matters which are mentioned in the notice of the meeting
- § 8 a. IDEX shall have a nomination committee. The nomination committee shall have three members, including a chairman. Members of the nomination committee shall be elected by the Annual General Meeting for a term of two years.
- b. The nomination committee shall:
- Propose candidates for election to the Board of Directors
 - Propose the remuneration to be paid to the Board members
 - Propose candidates for election to the nomination committee
 - Propose the remuneration to be paid to the nomination committee members
- c. The guidelines for the nomination committee shall be resolved by the general meeting.
- § 9 Documents which timely have been made available on the Internet site of the company and which deal with matters that are to be considered at the general meeting need not be sent to the company's shareholders.
- § 10 As a general rule, the company's general meetings shall be conducted in Norwegian. The general meeting may however resolve by a simple majority vote that English shall be used.
- § 11 A shareholder who wishes to attend the general meeting, in person or by proxy, shall notify his/her attendance to the company no later than 2 days prior to the general meeting. If the shareholder does not notify the company of his/her attendance in a timely manner, the company may deny him/her access to the general meeting.

CORPORATE GOVERNANCE

Update resolved by the board of directors of IDEX ASA on 6 December 2016.

This statement outlines the position of IDEX ASA ("IDEX" or "the Company") in relation to the recommendations contained in the Norwegian Code of Practice for Corporate Governance dated 30 October 2014 ("the Code"). The Code is publicly available at www.nues.no and from Oslo Børs. In the following, the board of directors will address each recommendation of the Code and identify any areas where the Company does not fully comply with the recommendations and explain the underlying reasons for the deviations and any compensating measures where applicable.

1. *Implementation and reporting on corporate governance*

IDEX seeks to create sustained shareholder value. The Company makes every effort to comply with the wording and intent of the laws, rules and regulations in the countries and markets where it operates. IDEX is not aware of being or having been in breach of any such statutory laws, rules or regulations. The Company pays due respect to the norms of the various stakeholders in the business. In addition to the shareholders, the Company considers its employees, the Company's business partners, the society in general and the authorities as stakeholders. IDEX is committed to maintain a high standard of corporate governance, be a good corporate citizen and demonstrate integrity and high ethical standards in all its business dealings.

The board considers that in the present organisation the board and the management have adequate monitoring and control systems in place to ensure insight in and control over the activities.

The board has resolved ethical guidelines which apply to all employees, consultants and contractors as well as the elected board members. The ethical guidelines also incorporate the Company's guidelines on corporate social responsibility.

2. *IDEX's business*

In the articles of association, the Company's business is defined as "The objective of the Company is to deliver computer-based identification systems and other related activities."

The Company's business goals and key strategies are stated in a business plan adopted by the board. The plan is reviewed and revised as and when appropriate. The business goals and key strategies are presented in the annual report.

3. *Equity and dividends*

The board is aware of and acknowledges the equity requirements and duty of action in connection with loss of equity, as set out in the Norwegian Public Limited Companies Act.

In the past, the Company has on several occasions been in need of raising equity to fund its activities. All significant share issues or private placements have each been resolved by the shareholders at extraordinary general meetings. The board has proposed to the general meeting only reasonable open authorisations for share issues and moderate incentive schemes. Such board authorisations have explicitly stated the type and purposes of transactions in which the authorisations may be applied. Proposed authorisations to issue shares have been considered and voted separately by each type and purpose. The board authorisations to issue shares have been valid until the next annual general meeting, as recommended by the Code. The proposals have been approved by the shareholders.

The Company has not had in place any authorisation to the board to acquire own shares. As and when such authorisation should be adopted, the board will propose that the length of the authorisation be limited to a period ending at the next annual general meeting of shareholders.

IDEX has not as yet declared or paid any dividends on its shares. The Company does not anticipate paying any cash dividends on its shares in the next few years. IDEX intends to retain future earnings, if any, to finance operations and the expansion of its business. Any future decision to pay dividends will be based on a dividend policy to be instituted in due course, which policy will reflect the Company's financial condition, results of operation and capital requirements.

4. *Equal treatment of shareholders and transactions with close associates*

The Company places great emphasis on ensuring equal treatment of its shareholders. The Company has one class of shares. There are no trading restrictions or limitations relating only to non-residents of Norway under the articles of association of the Company. Each share carries one vote. There are no restrictions on voting rights of the shares.

In the authorisations to issue new shares where the shareholders resolve to waive the preemptive rights of existing shareholders, the rationale for doing so shall be included as part of the decision material presented to the general meeting. If and when such transactions are conducted, the justification will also be included in the announcements to the market.

All related-party transactions, whether completed, in effect or future, have been and will be carried out on arm's length basis. Any not immaterial future related-party transactions shall be subject to an independent third-party valuation unless the transaction by law requires shareholder approval. The Company takes legal and financial advice on these matters when relevant.

There are no clauses in the articles of association about trading in the Company's own shares, nor has the general meeting issued any such authorisations.

Members of the board and the management are obliged to notify the board if they have any material direct or indirect interest in any transaction contemplated or entered into by the Company.

5. *Freely negotiable shares*

All shares are freely assignable. The articles of association do not contain any restrictions on the shares.

6. *General meetings*

The general meeting of shareholders provides a forum for shareholders to raise issues with the board. To the maximum degree possible, all members of the board shall be present at the general meeting. The Company's CEO and the auditor shall also be present at the general meeting. The shareholders elect a person to chair the general meeting. The board will arrange for an independent candidate if so requested by shareholders. Notice of a meeting of the shareholders shall be sent in a timely manner, and the Company shall issue the notice and documents for a general meeting, including the proxy form, no later than 21 days before the date of the general meeting. Foreign residents will receive the notice and any documents in English.

The general meeting has included in the articles of association of the Company that documents which deal with matters that are to be handled at the general meeting need not be sent to the Company's shareholders if the documents timely have been made available on the Internet site of the Company.

The board endeavours to provide comprehensive information in relation to each agenda item in order to facilitate constructive discussions and informed resolutions at the meeting.

The notice will also provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. Shareholders who are unable to attend in person will be provided the option to vote by proxy in favour or against each of the board's proposals. The notice shall contain a proxy form as well as information of the procedure for proxy representation. The company has not included electronic voting or advance votes in the articles of association because there are as yet no reliable systems or practices for such voting. At the meeting, votes shall be cast separately on each subject and for each office/candidate in the elections. Consequently, the proxy form shall to the extent possible, facilitate separate voting instructions on each subject and on each office/candidate in the elections. The notice, as well as the Company's website, will set out that the shareholders have the right to propose resolutions in respect of matters to be dealt with at the general meeting.

7. *Nomination committee*

The nomination committee is implemented in the company's articles of association. The mandate for the nomination committee has been resolved by the annual general meeting. The mandate is compliant to the current version of the Code. The annual general meeting elects the chairman and two committee members. No current board member or IDEX executive is a member of the nomination committee. The current chairman of the nomination committee was formerly a board member of the company.

The mandate states that the nomination committee shall comply with the relevant sections in the Code. The nomination committee shall prepare and present proposals to the annual general meeting in respect of the following matters:

- Propose candidates for election to the board of directors
- Propose the remuneration to be paid to the board members
- Propose candidates for election to the nomination committee
- Propose the remuneration to be paid to the nomination committee members

The nomination committee shall give a brief account of how it has carried out its work and shall substantiate its recommendations.

8. Corporate assembly and board of directors; composition and independence

IDEX does not have a corporate assembly because it is exempted from having a corporate assembly.

The board acknowledges the Code's recommendation that the majority of the members of the board shall be independent of the Company's management and material business contacts. All board members are required to make decisions objectively in the best interest of the Company, and the majority of independent directors is intended to ensure that sufficient independent advice and judgment is brought to bear. The majority of the current board meets the independence criteria of the Code. The board meets the statutory gender requirements for the board. The board's attendance statistics is included in the presentation of the board members in the annual report.

The articles of association state that there shall be from three to seven board members. The service period is not stated in the articles, hence the board members stand for election every two years.

The board considers that at this stage of IDEX's development, it is beneficial for the Company and its shareholders that the board members are shareholders in the Company and encourages the members of the board to hold shares in the Company.

The board pays attention to ensure that ownership shall not in any way affect or interfere with proper performance of the fiduciary duties which the board members and the management owe the Company and all shareholders. As and when appropriate, the board takes independent advice in respect of its procedures, corporate governance and other compliance matters.

9. The work of the board of directors

The division of responsibility and duties between the board and the managing director is based on applicable laws and well-established practices, which have been formalized in writing through board instructions in accordance with the Norwegian Public Limited Companies Act. The board instructions also set out the number of scheduled board meetings per year and the procedures in connection with the board's work and meetings.

The board instructions state that the board has the ultimate responsibility for the organization and planning of the Company, as well as a control and supervisory function, hereunder a duty to keep itself informed. The board shall appoint the managing director and determine his or her remuneration and also possibly give notice or dismiss the managing director. The board shall ensure that the organization of the accounting and funds management includes adequate control procedures. The board shall monitor and follow-up the status and development of company's operational, financial and other results.

The board instructions list inter alia the following responsibilities:

- Issue interim and annual financial statements and other statutory reports;
- Issue notice of the annual general meeting;
- Resolve the annual plan and budget, including capital expenditure budget;
- Resolve investment in and disposals of subsidiaries and associated companies, and in real estate;
- Resolve and issue guarantees and other commitments and the pledging of assets;
- Resolve customer related or revenue generating agreements as well as other agreements and activities which are significant and would be expected to have a significant impact on the company's results and financial position; and
- Determine whether legal proceedings should be commenced or settled.

The board instructions state that in situations when the chairman cannot or should not lead the work of the board, the longest-serving board member shall chair the board until an interim chairman has been elected by and among the board members present.

The board shall evaluate its performance and expertise annually. Moreover, the board will resolve an annual plan for its work, with particular emphasis on objectives, strategy and implementation.

With a compact board of five members and in view of the size of the Company, the board has not hitherto determined a need for sub-committees. The future need for any sub-committees is considered at least annually in connection with the annual review of the Company's corporate governance.

IDEX is not obliged to have a separate audit committee and in view of the small number of board members, the board holds the opinion that the audit committee shall consist of all board members who are not also executives or have similar roles in the Company. The board instructions include instructions for the audit committee.

10. Risk management and internal control

The board has adopted rules and guidelines regarding, amongst other matters, risk management and internal control. The rules and guidelines duly take into account the extent and nature of the Company's activities as well as the Company's corporate values and ethical guidelines, including the corporate social responsibility. The board conducts an annual review of the Company's most important areas of exposure to risk and its internal control arrangements, including the reporting procedures.

In view of the size of the Company and the number of board members, the board has chosen to elect the full board to constitute the audit committee. The audit committee policies and activities are compliant with the Norwegian Public Limited Companies Act.

IDEX issues interim financial reports each quarter and annual financial report according to the published financial calendar. The accounting policies are applied when preparing the reports, which satisfy the regulatory requirements. The board reviews monthly financial reports for each entity as well as the group, comparing actual results to budget. The size of the company's operation and staff number necessarily leads to dependence on key individuals. However, the same factors also provide for transparency and inherent risk reduction. The subsidiary group in USA that was established in September 2013 is operationally integrated in the parent company, with legal and financial interaction being conducted on arm's length terms.

IDEX's activities and financials are controlled by the parent company. The audit committee regularly meets separately with the external auditor to review risk factors and measures, and any incidents and issues. The audit committee reviews all reports before resolution by the board. The board has resolved a financial manual, which sets out policies and procedures for financial management and reporting in the group. This manual provides instructions for financial planning, treasury, accounting and reporting. It is reviewed annually by the audit committee, and updated as and when appropriate. IDEX is currently implementing more comprehensive IT systems and also quality management systems and standardised operating procedures which will strengthen the business controls.

The board has adopted an insider manual with ancillary documents. The insider manual is intended to ensure that, among other things, trading in the Company's shares by board members, executives and/or employees, including close relations to the aforementioned, are conducted in accordance with applicable laws and regulations.

11. Remuneration of the board of directors

A reasonable cash remuneration to the board members for their services from the annual general meeting in 2015 until the annual general meeting in 2016 was proposed to and resolved at the annual general meeting 2016. To lessen the cash outflow and stimulate shareholding among the board members, the annual general meeting granted an option for the board members to receive the remuneration partly or fully in kind in the form of shares. Three of the board members took up this option in 2016. Amount details are disclosed in the financial statements. The nomination committee shall propose board remuneration for the period between the annual general meetings of 2016 and 2017.

Advokatfirma Ræder DA, in which the IDEX chairman, Morten Opstad, is a partner, renders legal services to the Company. Generally, such services are largely undertaken by lawyers at Ræder other than Morten Opstad. In the cases where legal services provided by Ræder are carried out by Morten Opstad, such

services, which are outside Morten Opstad's duties as chairman, are billed by Ræder. The service fee to Ræder is disclosed in the financial statements.

Larry Ciaccia, who was elected board member at the annual general meeting on 12 May 2015, has served on IDEX's Strategy Advisory Committee (SAC) since January 2014 and continues his tenure on the SAC, for which he is remunerated separately. Mr. Ciaccia also provides consulting services to IDEX for a fixed fee annual fee. The fees to Mr. Ciaccia are disclosed in the financial statements.

Any board member performing work for the Company beyond the board duty shall ensure that such assignments do not in any way affect or interfere with proper performance of the fiduciary duties as a board member. Moreover, the board, without the participation of the interested member, shall approve the terms and conditions of such arrangements. Adequate information about the remuneration shall be disclosed in the annual financial statements.

12. Remuneration to the management

IDEX offers market-based compensation packages for the executives and employees in order to attract and retain the competence which the Company needs. The exercise price for any subscription rights is in line with the share price at the time of the grant. The subscription rights vest in tranches over four years unless a special vesting schedule is deemed appropriate by the board and resolved upon grant. No so-called golden parachutes are in effect, and post-employment pay will only apply in case the Company invokes contractual non-competition clauses.

The board shall determine the compensation of the CEO. The cash incentive remuneration per calendar year is limited to an amount or a percentage of annual base pay. It follows from the nature of the incentive subscription rights programme resolved by the annual general meeting that the limit does not apply to the possible gain on subscription rights. The board has adopted a policy for the CEO's remuneration of the employees.

At the annual general meeting, the board will present to the shareholders a statement of remuneration to senior managers in a separate document attached to the notice of the annual general meeting. The statement shall clearly state which aspects of the guidelines are advisory and which are binding, and the general meeting will resolve the aspects separately. The resolution by the annual general meeting is binding to the extent it relates to share-based compensation, and advisory in other aspects.

13. Information and communications

The board places great emphasis on the relationship and communication with the shareholders. The primary channels for communication are the interim reports, the annual report and the associated financial statements. IDEX also issues other notices to shareholders when appropriate. The general meeting of shareholders provides a forum for shareholders to raise issues with the board. All reports and notices are issued and distributed according to the rules and practices at Oslo Axess marketplace of Oslo Børs. The Company publishes an annual financial calendar for the following year; setting forth the dates for major planned events such as its annual general meeting, publication of interim reports, any scheduled public presentations, any dividend payment date if applicable, etc. The reports and other pertinent information are also available on the Company's website, www.idex.no.

The board has adopted the following policies:

- Policy for reporting of financial and other information and investor relations;
- Policy for contact with shareholders outside general meetings; and
- Policy for information management in unusual situations attracting or likely to attract media or other external interest.

The financial reporting of IDEX is fully compliant with applicable laws and regulations. IDEX prepares and presents its annual financial reports in accordance with IFRS. The content of the interim reports are compliant with IFRS.

All reports are issued on the Oslo Axess marketplace of Oslo Børs (www.oslobors.no and www.newsweb.no). The reports and other pertinent information are also available at www.idex.no. The current information practices are adequate under current rules. IDEX complies with the Oslo Børs code of practice for IR information.

14. Take-overs

There are no takeover defence mechanisms in place. The board will endeavour that shareholder value is maximised and that all shareholders are treated equally. The board acknowledges its duty to not obstruct take-over bids and to not discourage or hinder competing bids. Any agreement with a bidder that acts to limit the company's ability to arrange other bids should only be entered into where it is self-evident that such an agreement is in the common best interest of the company and its shareholders. The board will avoid compensation to a bidder whose bid does not complete, and limit such compensation to the costs the bidder has incurred in making the bid. The board shall otherwise ensure full compliance with section 14 of the Code.

15. Auditor

IDEX's auditor is fully independent of the Company. IDEX represents a minimal share of the auditor's business. IDEX does not obtain business or tax planning advice from its auditor. The auditor may provide certain technical and clerical services in connection with the preparation of the annual tax return and other secondary reports, for which IDEX assumes full responsibility.

The board has established written guidelines to the CEO in respect of assignments to the auditor other than the statutory audit.

The board shall otherwise ensure full compliance with section 15 of the Code.

BOARD OF DIRECTORS

There are presently five board members including the chairman. At the annual general meeting 2016, Chairman Morten Opstad, and board members Deborah Lee Davis, Hanne Høvdning and Lawrence Johan Ciaccia were elected for the second year of a two-year term, while board member Andrew James MacLeod were re-elected for a period of two years. There are no family relationships among the board members or between board members and the management. There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which members of the board or management was selected.

The board has held fifteen meetings, of which nine were held by telephone conference, in the period after the annual general meeting on 11 May 2016 and until and including 20 April 2017.

Morten Opstad, Chairman

Mr. Opstad has served as chairman of the board in IDEX since 1997. Mr. Opstad is a partner in Advokatfirma Ræder DA in Oslo. He has rendered legal assistance with respect to establishing and organising several technology and innovation companies. His directorships include inter alia current board positions in Thin Film Electronics ASA (chairman) and cXense AS (chairman). Mr. Opstad has a legal degree (Cand.Jur.) from the University of Oslo from 1979. He was admitted to the Norwegian Bar Association in 1986. Mr. Opstad was born in 1953 and is a Norwegian citizen. He resides and works in Oslo. Mr. Opstad attended all of the board meetings in the period.

As at 20 April 2017 Mr. Opstad and close relations held or controlled 6,989,196 shares and 0 (nil) rights to shares in IDEX.

Lawrence John (Larry) Ciaccia, Board member

Mr. Ciaccia was elected board member at the annual general meeting 2015. He has broad expertise from the semiconductor industry. He is independent of the company's executive management, material business contacts and the company's larger shareholders. Mr. Ciaccia played a pivotal role in transforming AuthenTec from a start-up into the world's leading fingerprint sensor supplier, serving as CEO from September 2010 and instrumental in the acquisition of AuthenTec by Apple in October 2012. He remained with Apple through February 2013 to assist in the acquisition integration and transition. Mr. Ciaccia was born in 1958, is a US citizen and resides in Indian Harbour Beach, Florida. Mr. Ciaccia attended all but two of the board meetings in the period.

As at 20 April 2017 Mr. Ciaccia held 0 (nil) shares and 500,000 subscription rights to shares in IDEX.

Deborah Lee Davis, Board member

Ms. Davis was elected board member at the annual general meeting 2015. She is independent of the company's executive management, material business contacts and the company's larger shareholders. Ms. Davis has more than 25 years of technology (software, telecommunications) and Internet (payments/financial services & retail) company experience, with 14 years in European and global vice president roles at PayPal, eBay, Verizon and Symantec. She holds non-executive director positions at Which?, Intelligent Environments and is an active trustee of SATIB Conservation Trust. Ms. Davis is a Member of the Institute of Company Directors, UK and holds a Bachelor of Applied Science (Electronics) Honours degree from the University of Melbourne and a Sloan Masters in Science (Management) with Distinction from London Business School. Ms. Davis was born in 1963 and is a dual citizen of the UK and Australia and splits her time across UK, Africa and the Far East. Ms. Davis attended all but two of the board meetings in the period.

As at 20 April 2017, Ms. Davis held 48,487 shares and 0 (nil) rights to shares in IDEX.

Hanne Høvding, Board member

Ms. Høvding has served on the board of IDEX since 2007. She is independent of the company's executive management, material business contacts and the company's larger shareholders. Ms. Høvding has a Bachelor's Degree in Economics and Business Administration from the Norwegian School of Economics and Business Administration. In her professional career Ms. Høvding has held several management positions within personnel administration, finance, credit card administration and debt collection. Ms. Høvding was born in 1954. She is a Norwegian citizen and resides and works in Oslo. Ms. Høvding attended all of the board meetings in the period.

As at 20 April 2017 Ms. Høvding held 366,062 shares and 0 (nil) rights to shares in IDEX.

Andrew James (Andy) MacLeod, Board member

Mr. MacLeod was elected to the board of IDEX in May 2014. He is independent of the company's executive management, material business contacts and the company's larger shareholders. Mr. MacLeod is CTO for Vodafone plc.'s Africa, Middle East and Asia-Pacific region. Previously, Mr. MacLeod was Group Chief Networks Officer at Vodafone. He is a Fellow of the Royal Academy of Engineering and a Chartered Engineer (metals materials and mining), holds an MBA from Warwick Business School and an MA in Materials Science from Keble College, Oxford University. He has since the early 1990's held CEO, COO and CTO positions at major telecommunication companies. He is a board member of Vodafone Australia and Indus. Mr. MacLeod was born in 1957, is a British Citizen and resides in Winchester, England. Mr. MacLeod attended all of the board meetings in the period.

As at 20 April 2016 Mr. MacLeod held 415,457 shares and 500,000 subscription rights to shares in IDEX.

MANAGEMENT

Hemant Mardia, Managing Director/CEO

Dr. Mardia serves as Managing Director of IDEX and CEO for the group. He joined IDEX as Managing Director/CEO in 2013. In 2012-2013, Dr. Mardia was President of Axxcss Wireless Ltd., a subsidiary of the Moseley Wireless Group. He was formerly CEO of Filtronic Plc, a London Stock Exchange listed business in the telecoms sector, for five years, and his prior career includes various management roles in telecoms, security and defense equipment companies. Dr. Mardia holds a Ph.D in electronics. Dr. Mardia was born in 1961. He is a British citizen and resides in England and Oslo.

As at 20 April 2017 Dr. Mardia held 2,115,625 shares and 2,500,000 subscription rights to shares in IDEX.

Fred Benkley, Chief Technology Officer, IDEX America

Mr. Benkley has served as Chief Technology Officer at IDEX America Inc. since 2013. He has over 30 years of experience in the semiconductor technology and biometrics industries. Mr. Benkley founded Picofield Technologies in 2010, which company's technology was acquired by IDEX in 2013. Mr. Benkley founded Validity Sensors in 2002 and Metro Engineering prior. Mr. Benkley holds a B.S. in Electrical Engineering from Northeastern University. Mr. Benkley was born in 1957, is a US citizen and resides in Massachusetts, USA.

As at 20 April 2017 Mr. Benkley held 0 (nil) shares and 1,600,000 subscription rights to shares in IDEX.

Henrik Knudtzon, Chief Financial Officer

Mr. Knudtzon joined IDEX as Chief Financial Officer (CFO) in 2014. Prior to joining IDEX, Mr. Knudtzon was a Director at the private equity firm Herkules Capital, where he worked for six years. From 2004 to 2008 Mr. Knudtzon was a consultant at McKinsey & Company. Mr. Knudtzon holds an MSc degree in Economics and Business Administration, with a specialization in finance, from the Norwegian School of Economics and Business Administration. Mr. Knudtzon was born in 1980. He is a Norwegian citizen and resides in Oslo.

As at 20 April 2017 Mr. Knudtzon held 0 (nil) shares and 1,875,000 subscription rights to shares in IDEX.

Preeti Mardia, Senior Vice President of Operations Management

Mrs. Mardia joined IDEX as Senior Vice President of Operations in 2014. She has varied executive management and operations expertise across semiconductors, telecoms, aerospace, and food industry sectors. Mrs. Mardia previously worked within Moseley Wireless Group and Filtronic Plc as Operations Director. Mrs. Mardia is a board member of Thin Film Electronics ASA. She holds a degree in Food Science & Technology and holds a Masters Degree in Executive Management from Ashridge Executive Education, UK. Mrs. Mardia was born in 1967, is a British citizen and resides in England.

As at 20 April 2017 Mrs. Mardia held 0 (nil) shares and 750,000 subscription rights to shares in IDEX.

Art Stewart, Senior Vice President Strategic Partnerships and Licensing

Mr. Stewart joined IDEX in January 2015 as Senior Vice President of Product Management. Following an engineering design background in government communications systems design, Mr. Stewart joined AuthenTec in 2002 where he held various executive positions through the company's IPO and acquisition by Apple. Following Apple's acquisition of AuthenTec, Mr. Stewart joined Synaptics, where he was responsible for leading technical diligence to move them into the biometrics space, and resulting in the acquisition of Validity Sensors. He was then appointed to Vice President of Product Management for Synaptics' Biometrics Product Division. Mr. Stewart has been a board representative at the FIDO Alliance, and the Biometrics Institute. Mr. Stewart is a US citizen and resides in Montana, USA.

As at 20 April 2017 Mr. Stewart held 0 (nil) shares and 950,000 subscription rights to shares in IDEX.

Stan Swearingen, Chief Products Officer

Mr. Swearingen joined IDEX's Strategy Advisory Council in May 2016 and was appointed Chief Products Officer of the company in October 2016. Mr. Swearingen most recently served as Senior Vice President & General Manager MaxTouch Business Unit and Chief Technology Officer of Atmel, where he drove the overall technology strategy and direction for the company. Previously, Mr. Swearingen served as CTO and Senior Vice President of Advanced Development for Synaptics, where he was instrumental in the formulation of the biometric fingerprint strategy, including the acquisition of Validity. Prior to Synaptics, Mr. Swearingen held senior positions at semiconductor companies, such as MiniCircuits, Skyworks Solutions, Agere Systems and Quantex Microsystems.

As at 20 April 2017, Mr. Swearingen held 0 (nil) shares and 1,900,000 subscription rights to shares in IDEX.



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